



**Meeting of the Joint Policy and Operations Boards of Directors**

Wednesday, July 12, 2017

9:00 am – Noon

City of Marina Public Library, Community Meeting Room

190 Seaside Avenue, Marina, CA 93933

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Carol Johnson at 831-454-2740 or carol.johnson@santacruzcounty.us.

If you have anything that you wish to be distributed to the Board please hand it to a member of MBCP interim staff who will distribute the information to the Board members and other staff.

1. **Welcome & Oath of Office**
2. **Roll Call**
3. **Oral Communications For Items Not on the Agenda**

**CONSENT AGENDA**

4. **Approval of Minutes from May 3, 2017 Joint Board meeting** (*Policy and Operations Board Action Item*)
5. **Update from June 7<sup>th</sup> Operations Board** (*Discussion*)

**REGULAR AGENDA**

6. **Selection of Chair and Vice Chair of Policy Board** (*Policy Board Action Item*)  
**Appointment of Secretary of Policy Board** (*Policy Board Action Item*)  
**Discussion and possible appointment of Treasurer** (*Policy Board Action Item*)
7. **MBCP Administrative/Organizational Updates** (*Discussion*)
  - Banking and Credit Services Update
  - Vendor Contract Update
  - Form 700 Update
8. **Approval of Implementation Budget** (*Policy Board Action Item*)
9. **Approval of CEO Contract and Approval of Hiring of Interim Chief Executive Officer** (*Policy Board Action Item*)

10. **Approval of Policy Board Meeting Schedule** *(Policy Board Action Item)*
11. **Adopt Resolution Allowing for Future Board Agenda Items** *(Policy Board Action Item)*
12. **MBCP Implementation Plan – Overview and Preparation Presentation** *(Discussion)*
  - Presentation by Pacific Energy Advisors, Inc.
13. **Communications and Outreach Plan Presentation** *(Discussion)*
  - Presentation by Miller Maxfield, Inc.
14. **Regulatory and Legislative Update** *(Discussion)*
15. **Adjournment**

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. Until MBCP has offices, the Board has designated the County of Santa Cruz General Services Department, located at 701 Ocean Street, Room 330, Santa Cruz, CA 95060 for the purpose of making those public records available for inspection. The documents are also available on the MBCP website located at: [MBCommunityPower.org](http://MBCommunityPower.org).



## **Joint Meeting of the Policy and Operations Board of Directors**

May 3, 2017 - 9:00 am to 1:00 pm

City of Marina Public Library, Community Meeting Room

190 Seaside Avenue, Marina CA 93933

### **MINUTES**

1. The meeting was called to order at **9:06 a.m.**, and Santa Cruz County Supervisor Bruce McPherson gave a welcome speech to all in attendance.
2. **Roll Call** was taken by each member introducing themselves, and a quorum was established. An oath of office was administered to the members of both the Policy and Operations boards at 9:15 a.m.
3. Bruce McPherson was **APPROVED** as the Interim Chair by **unanimous vote**.  
*Motion: Jane Parker (County of Monterey)*  
*Second: Jaime De La Cruz (County of San Benito)*
4. The MBCP implementation team was introduced by Carol Johnson and Shawn Marshall of Lean Energy, Inc., included an explanation of the voting process, and stated that a vote would require 12 yes votes to carry.
5. **Public Comments for Items not on the Agenda** – There were 10 speakers from the public. (list attached)

### **CONSENT AGENDA**

**APPROVED** Interim General Counsel contract with the Santa Cruz County Counsel's office, by **unanimous vote**.

*Motion: Jaime De La Cruz (County of San Benito)*

*Second: Steve McShane (City of Salinas)*

## REGULAR AGENDA

6. **APPROVED** Conflict of Interest Code, by **unanimous** vote.

*Motion: Bruce Delgado (City of Marina)*

*Second: Trina Coffmann-Gomez (City of Watsonville)*

7. Reviewed roles and responsibilities of the Policy and Operations Boards, and discussed option of an Executive Committee.

*Discussion item only – no vote*

8. A review was given of MBCP including Project Background, major milestones, recommendations and guiding principles from the Project Development Advisory Committee (PDAC)

*Discussion item only – no vote*

9. An update was given by Carol Johnson and Shawn Marshall on MBCP Looking Forward, which included the update and next steps re: MBCP's 2017 Implementation Work plan, Timeline, Key Tasks and Draft Budget.

*Discussion item only – no vote*

*(Recess 10:49 to 11:06)*

10. Discussion was held regarding hiring of Interim CEO position, and Board **AUTHORIZED** staff recommendations and to proceed with recruitment of Interim CEO, with **additional direction** by Jamie Goldstein to form a sub-committee to help with the recruiting process, with Operations Board making the decision regarding recruitment and recommendation. **Subsequent action** to appoint volunteers to sub-committee: Carlos Palacios, Ray Corpuz, Ray Espinosa, Jamie Goldstein, and Charles Montoya. **Unanimous** vote.

*Motion: Jamie Goldstein (City of Capitola)*

*Second: Steve McShane (City of Salinas)*

11. Received report from Edith Driscoll, County of Santa Cruz Auditor-Controller-Treasurer-Tax Collector, and **AUTHORIZED** next steps for Credit and Banking



Negotiations, with additional direction from Bruce Delgado to approve Policy Board's engagement in a relevant way. **Vote: 13 Yes, 5 No.**

*Motion: Bruce Delgado (City of Marina)*

*Second: Trina Coffmann-Gomez (City of Watsonville)*

12. Board discussed options for appointing Officers for Policy and Operations Board.

*No action taken – discussion only*

13. Received report and **DIRECTED** via original motion to go with Option A and go out to RFP (Option B) for implementation of operations support and data management, and extend some of Option A in regards to extending Pacific Energy Advisors, Miller-Maxfield Inc., and LEAN Energy US for a period of six months. A substitute motion had been introduced by Bruce Delgado, but not enough votes to carry.

*Motion: Smith (City of Monterey)*

*Second: Brown (City of Santa Cruz)*

14. Discussed tentative dates, times, and locations for upcoming Board meetings. Possible dates included June 7 at 9:00 am for the Operations Board meeting, and July 12<sup>th</sup> at 9:00 am for the Joint Board meeting. The Policy Board meeting is to be determined.

*Discussion item only – no vote*

15. Board members and staff discussed various announcements and requests for future agenda items including recruitment of CEO, appointment of Executive Board, and including bylaws and rosters on MBCP website.

*Discussion item only – no vote*

**Meeting adjourned at 12:55 pm**



Monterey Bay Community Power  
Board Meeting – May 3, 2017 9:00 am

## **BOARD MEMBERS PRESENT**

### **Policy Board**

Bruce McPherson – Supervisor, County of Santa Cruz  
Sandy Brown – City of Santa Cruz  
Trina Coffmann-Gomez – City of Watsonville  
Rebecca Garcia – Alternate, City of Watsonville  
Jacques Bertrand – Alternate, City of Capitola  
Jane Parker – County of Monterey  
John Phillips – Alternate, County of Monterey  
Steve McShane – City of Salinas  
Ed Smith – Alternate, City of Monterey  
Bruce Delgado – City of Marina  
Gail Morton – Alternate, City of Marina  
Anna Velazquez – Alternate, City of Soledad  
Maria Orozco – City of Gonzales  
Jaime De La Cruz – County of San Benito  
Ray Friend – City of Hollister

### **Operations Board**

Carlos Palacios – Alternate, County of Santa Cruz  
Martin Bernal – City of Santa Cruz  
Scott Collins – Alternate, City of Santa Cruz  
Charles Montoya – City of Watsonville  
Jamie Goldstein – City of Capitola  
Lew Bauman – County of Monterey  
Nick Chiulos- Alternate, County of Monterey  
Ray Corpuz – City of Salinas  
Mike McCarthy – City of Monterey  
Layne Long – City of Marina  
Rene Mendez – City of Gonzales  
Ray Espinosa – County of San Benito

## **STAFF PRESENT**

Carol Johnson – County of Santa Cruz, General Services Dept.

Dana McRae – County Counsel, County of Santa Cruz

Ajita Patel – County of Santa Cruz, Personnel Dept.

Shawn Marshall – LEAN Energy, US

Laurel Gazza – County of Santa Cruz, Clerk of the Board

Peter Detlefs – County of Santa Cruz, Economic Development Office



**Monterey Bay Community Power  
Joint Board Meeting – May 3, 2017**

**PUBLIC COMMENTS**

*Items not on the Agenda*

10 people spoke before the board:

1. Andy Hsia-Coron
2. Kevin (?)
3. Brett Garrett
4. Mary Hsia-Coron
5. Pete Scudder
6. Michael Saint
7. Joe Norton (sp?)
8. Brennen Jensen
9. Eric Petersen
10. Dan Nelson



### Staff Report Item 5

**TO:** MBCP Policy and Operations Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager, County of Santa Cruz

**SUBJECT:** Update from June 7, 2017 Operations Board Meeting

**DATE:** July 12, 2017

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#### **Recommendations**

Receive report of June 7, 2017 Operations Board Meeting.

#### **Background**

The meeting of the MBCP Operations Board of Directors was held at the Marina Library on June 7, 2017 beginning at 9:00.

The following items were approved by the Board:

- 1) Rene Mendez was approved as Operations Board Chairperson and Ray Corpuz was approved as the Vice Chair. Laurel Gazza from the County of Santa Cruz was approved as interim Secretary for the Board.
- 2) The Administrative Services Agreement with the County of Santa Cruz was approved. The County will continue to provide preparation, staffing and clerking of the Policy and Operations Board meetings, preparation of requests for proposals, negotiating of banking services and startup capital, bill paying and any other administrative services needed by MBCP. These services will continue until such time as MBCP secures other replacement staff. The County will invoice MBCP quarterly and payment will be made to the County after ratepayer revenues begin and the initial line of credit has been repaid.
- 3) The regular meeting schedule for the Operations Board was approved as amended. Meetings will be held the first Wednesday of each month beginning at 9:00 at the Watsonville City Council Chambers instead of the Marina Library.

An administrative/organizational update was given by Shawn Marshall from LEAN Energy, US. Topics included an update on credit and banking services, Form 700 and conflict of interest and the implementation plan timeline and process. Staff will report back on PERS/NonPERS options at a future meeting.

The Board then went into Closed Personnel Session regarding the public employment appointment process of the Monterey Bay Community Power Interim Chief Executive Officer.



## Staff Report Item 6

**TO:** MBCP Policy Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager, County of Santa Cruz

**SUBJECT:** Selection of Chair and Vice Chair and Appointment of Secretary for Policy Board

**DATE:** July 12, 2017

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### **Recommendations**

- a) Selection of Board Chair and Vice Chair who shall be a seated member of the Board;
- b) Appoint Laurel Gazza, Senior Board Clerk from the County of Santa Cruz, to serve as interim Board Secretary until a permanent Secretary is identified. Laurel will serve as Secretary for both Policy and Operations Boards.
- c) Appoint a Treasurer to serve in an interim capacity until a permanent Treasurer is identified. The interim Treasurer will oversee basic financial services provided by Santa Cruz County and will serve both the Policy and Operations Boards.

### **Background**

Sections 3.9.1 through 3.9.4 of the Joint Exercise of Powers Agreement creating the Monterey Bay Community Power Authority provides that the Policy Board shall select, from among themselves, a Chair, who shall be the presiding officer of all Policy Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. 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.

In addition, the Board shall appoint a Secretary, who may serve both the Operations and Policy Boards and shall be responsible for taking and keeping attendance records and minutes of each Board meeting and other official records of the Authority. The Secretary need not be a seated member of the Board.

The Policy Board shall also appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor of the Authority. The Treasurer need not be a seated member of the Board and may serve both the Policy and Operations Boards.

## **Analysis and Discussion**

At the joint Policy/Operations Board meeting on May 3rd, the Boards established a self-nomination process for interested officer candidates. The deadline for nominations was May 17 and the Policy Board received one nomination for Chair from Bruce McPherson, Supervisor from the County of Santa Cruz and one nomination for Steve McShane, Councilmember from the City of Salinas. Please see Mr. McPherson and Mr. McShane's letters attached to this staff report.

The MBCP Joint Powers Agreement specifies the appointment of the Secretary who need not be a member of the Board and may serve as Secretary to both Boards. Staff is recommending the appointment of Laurel Gazza, Senior Board Clerk at the County of Santa Cruz, to serve as interim Secretary until such time that MBCP hires staff appropriate for this role.

There were no nominations for the interim Treasurer position; thus, the Board can either nominate and vote on an interim Treasurer from the floor at its meeting on July 12<sup>th</sup> or extend the deadline for self-nominations. It should be noted that the County of Santa Cruz has agreed to continue providing fiscal management services for MBCP including budget tracking and payment of invoices. Thus, the role of the interim Treasurer will include sign-off on budget reports and attendance at periodic Board meetings as may be requested. The interim Treasurer will be replaced by a permanent Treasurer once the Agency begins to staff up later this year and early next.

## **Fiscal Impact**

None, if all positions are filled by MBCP Board members or designated staff.

## **Attachments**

Nomination letters from Supervisor Bruce McPherson, County of Santa Cruz and Councilmember Steve McShane, City of Salinas



Carol Johnson

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**From:** Bruce McPherson  
**Sent:** Tuesday, May 09, 2017 4:25 PM  
**To:** Carol Johnson  
**Cc:** Bruce McPherson  
**Subject:** Nomination for the Monterey Bay Community Power Policy Board Chair position

**Memo To:** Policy Board, Monterey Bay Community Power  
**From:** Bruce McPherson, Santa Cruz County Supervisor, MBCP Policy Board Interim Chair  
**Date:** May 4, 2017  
**Subject:** Nomination for the Monterey Bay Community Power Policy Board Chair position

Dear Fellow Policy Board Members:

Since January 2013, when I began serving as a County Supervisor, it has been my privilege to champion the formation of Monterey Bay Community Power. Rarely does one initiative combine the best in environmental and economic policy and offer such incredible potential for significant benefits to our region. I was instrumental in advocating for a region-wide initiative, ensuring that each Monterey Bay area county and city was afforded the opportunity to be a partner in the feasibility study. My office was central to the fundraising that supported the investigation and provided the core staffing for the regional project development advisory committee. I am so pleased that the end result of our work is 19 out of the 21 jurisdictions in Monterey, San Benito and Santa Cruz Counties are moving forward together.

I have been involved in each step of the investigation and formation process for the more than four years it has taken to get to this point. With that experience, I bring a wealth of institutional and industry knowledge to the table and, with your approval, would be honored to serve as the Chair of the Policy Board.

Please feel free to contact me if you wish to discuss the future of MBCP or the Chair nomination. I look forward to working with all of you to ensure the success of Monterey Bay Community Power.

Thank you for your time and consideration.

Best Regards,

Bruce McPherson

Supervisor Bruce McPherson  
Fifth District  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060  
831-454-2200



May 11, 2017

Bruce McPherson  
Chair, Monterey Bay Community Power  
701 Ocean St. Room 500  
Santa Cruz CA 95060

Dear Chair McPherson,

The purpose of this letter is to express my interest / self-nomination for Vice-Chair of the Monterey Bay Community Power Agency (MBCP). I was an early supporter of the JPA and could not be more excited to support our Policy Board in the successful setup and administration of the agency.

I am currently in the middle of my second term as a City Councilmember for the City of Salinas. While on the City Council, I have served seven years representing the City on the Association of Monterey Bay Area Governments and the Monterey Bay Air Resources District. During that time I have served on the Executive Board for both agencies and just finished a term as Chair of the Air Resources District. Both agencies represent the same tri-county region that MBCP represents.

I step forward to express interest in the Vice Chair position with no reservations and no agenda in mind. I truly believe in the mission of our new agency and support our moving forward on behalf of the region. You have my pledge to be engaged and support our MBCP to the greatest extent possible. I feel it is also worth mentioning that my role of a Councilmember from a Monterey County City will balance your role as Chair as a County Supervisor from Santa Cruz County.

I have attached an opinion piece that Jane Parker and I co-authored for the Monterey County Herald supporting MBCP months before a Salinas or Monterey County vote on it. Should you have any questions or need more information, please feel free to contact me at [steve@mcshanesnursery.com](mailto:steve@mcshanesnursery.com) or (831) 970-4141.

*Steve McShane*

Steve McShane  
City Councilman, City of Salinas

Monterey Bay Community Power is a good deal  
By Jane Parker and Steve McShane

The Central Coast in general and Monterey County communities in particular have arrived at an important moment that will determine whether we continue to be leaders in the field of innovation and environmental protection.

On Feb. 14, the Monterey County Board of Supervisors will consider whether to join Monterey Bay Community Power, an effort several years in the making to create a new regional agency that will purchase clean-source electricity at a cost equivalent to PG&E.

The new agency will help create jobs, fund renewable energy projects and reduce carbon-based emissions. A week after the vote by Monterey County Supervisors, the Salinas City Council will vote, with votes by city councils elsewhere in the county also taking place over the next few weeks. Cities and counties throughout the Central Coast have already expressed support for this movement to seize our energy future.

Monterey County should not turn its back on this opportunity. Not only does Monterey County have the chance to determine our energy sources and even reduce prices for our residents, but the profits from Monterey Bay Community Power would be reinvested back into the community. No longer would our hard-earned dollars be sent off to corporate headquarters elsewhere in California.

Communities across California are benefiting from similar opportunities. Marin County, Sonoma County, San Mateo County, San Francisco and Lancaster have all established their own community choice energy agencies, reducing carbon footprints in those communities while offering energy at comparable prices to the big utilities.

Community choice energy works. Here on the Central Coast, it would be governed by a joint powers agency overseen by a publicly accountable 11-member board. Following exhaustive studies and dozens of public meetings over the last several years, this agreement has been hammered out between local governments in Monterey, San Benito and Santa Cruz counties. Nearly every one of them, including the County of Monterey and the City of Salinas, has formally expressed interest in joining.

The power-sharing agreement fosters collaboration by giving no county the ability to dictate to others – the kind of collaboration so desperately missing from our national political scene. Still, Monterey County communities would have five of the 11 votes on the board, compared to four for Santa Cruz County and two for San Benito County.

This proposal before the Monterey County Board of Supervisors and other jurisdictions gives Monterey Bay Community Power a clean slate from which to eventually make decisions that will benefit our local residents – from which types of renewable energy we should pursue to where important green jobs should be located within the community. And it does so while preserving Monterey County's prevailing influence within the region.

Monterey Bay Community Power is a good deal for Monterey County. It positions us to create green

jobs to support renewable energy generation. It puts decision making in the hands of locals. It gives customers the choice to opt out and stay with PG&E if desired. It keeps electricity rates comparable to PG&E for all customers, even factoring in all PG&E fees, while still giving us the choice to potentially reduce electricity rates. Sonoma Clean Power recently announced it would drop electricity rates 10 percent for residential customers due to falling prices for solar energy.

Thanks to the visionary state legislation that makes Monterey Bay Community Power possible, PG&E will still provide line maintenance and customer service. So we'll continue seeing those blue and white trucks carrying crews who work hard to maintain the transmission lines and keep the power on throughout the county.

At the state level, we have great leadership on climate change. We don't know yet what President Trump's administration will do on climate change, or how it would impact the state's ability to act, but the early signs aren't good. But we can act locally.

Over and over, the voters of Monterey County have sided with self-determination and environmental protection. Local governments across the Monterey Bay region stand on the precipice of perhaps the most important vote we have ever faced on those issues. We strongly support Monterey Bay Community Power and hope our elected colleagues throughout Monterey County will join us by voting yes.

*Jane Parker is a Monterey County Supervisor, representing District 4. Steve McShane is a Salinas City Councilmember, representing District 3.*



### **Staff Report Item 7**

**TO:** MBCP Policy and Operations Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager, County of Santa Cruz  
Peter Detlefs, County of Santa Cruz  
Shawn Marshall, LEAN Energy US

**SUBJECT:** MBCP Administrative/Organizational Updates

**DATE:** July 12, 2017

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#### **Recommendation**

Receive updates and provide direction and feedback as needed.

#### **Background**

Staff will provide regular updates regarding on-going activities in the areas of Agency organizational development, administration and CCE program start-up.

#### **Analysis and Discussion**

##### **A) Banking and Credit Update:**

Monterey Bay Community Power (MBCP) was formed on February 21, 2017 by the 19 member agencies adopting the Joint Exercise of Powers Agreement relating to and creating the Monterey Bay Community Power Authority of Monterey, Santa Cruz, and San Benito Counties (JPA Agreement). A credit guarantee was contemplated in the JPA Agreement within section 5.3.4, and provides that it shall be distributed on a per seat basis with shared seat members dividing the credit guarantee among the agencies sharing those seats.

MBCP requires start-up and initial working capital in the amount of \$3,000,000 (three million dollars) and has selected River City Bank (RCB) from which to receive the start-up and initial capital. RCB requires a credit guarantee and other supporting documents from the members of MBCP. The counties of Monterey, San Benito and Santa Cruz have agreed to provide the guarantee to RCB and enter into side agreements with the cities within the respective counties. RCB has limited San Benito County's share of the credit guaranty to 10% of the total (i.e., capped at \$300,000) due to their lack of credit rating. The County of Santa Cruz and County of Monterey indicated a willingness to equally cover the guaranty for San Benito County for the amount over 10% or \$300,000. Table 1 below presents the allocation of the credit support required for the start-up funding.

**Monterey Bay Community Power Credit Allocation by Jurisdiction**

|                          |                                    |             | <u>Amount</u>  |                   |                          |                   |
|--------------------------|------------------------------------|-------------|----------------|-------------------|--------------------------|-------------------|
| Seats on Board           |                                    |             | Credit Support |                   | River City Bank Guaranty |                   |
| <u>Santa Cruz County</u> |                                    |             |                |                   |                          |                   |
| 1                        | County of Santa Cruz               | 1.00        | 9.09%          | \$ 272,727        |                          |                   |
| 2                        | City of Santa Cruz                 | 1.00        | 9.09%          | 272,727           |                          |                   |
| 3                        | Watsonville                        | 1.00        | 9.09%          | 272,727           |                          |                   |
|                          | Santa Cruz Cities Rotating         |             |                |                   |                          |                   |
| 4                        | Capitola                           | 0.50        | 4.55%          | 136,364           |                          |                   |
| 5                        | Scotts Valley                      | <u>0.50</u> | <u>4.55%</u>   | <u>136,364</u>    |                          |                   |
|                          | Subtotal - Santa Cruz County       | 4.00        | 36.36%         | \$ 1,090,909      | 40.45%                   | \$ 1,213,636      |
| <u>Monterey County</u>   |                                    |             |                |                   |                          |                   |
| 6                        | County of Monterey                 | 1.00        | 9.09%          | \$ 272,727        |                          |                   |
| 7                        | Salinas                            | 1.00        | 9.09%          | 272,727           |                          |                   |
|                          | Monterey Coastal Cities Rotating   |             |                |                   |                          |                   |
| 8                        | Marina                             | 0.33        | 3.03%          | 90,909            |                          |                   |
| 9                        | Seaside                            | 0.33        | 3.03%          | 90,909            |                          |                   |
| 10                       | Sand City                          | 0.33        | 3.03%          | 90,909            |                          |                   |
|                          | Monterey Peninsula Cities Rotating |             |                |                   |                          |                   |
| 11                       | Pacific Grove                      | 0.33        | 3.03%          | 90,909            |                          |                   |
| 12                       | Carmel                             | 0.33        | 3.03%          | 90,909            |                          |                   |
| 13                       | City of Monterey                   | 0.33        | 3.03%          | 90,909            |                          |                   |
|                          | Salinas Valley Rotating            |             |                |                   |                          |                   |
| 14                       | Greenfield                         | 0.33        | 3.03%          | 90,909            |                          |                   |
| 15                       | Soledad                            | 0.33        | 3.03%          | 90,909            |                          |                   |
| 16                       | Gonzales                           | <u>0.33</u> | <u>3.03%</u>   | <u>90,909</u>     |                          |                   |
|                          | Subtotal - Monterey County         | 5.00        | 45.45%         | \$ 1,363,636      | 49.55%                   | \$ 1,486,364      |
| <u>San Benito County</u> |                                    |             |                |                   |                          |                   |
| 17                       | County of San Benito               | 1.00        | 9.09%          | \$ 272,727        |                          |                   |
|                          | San Benito Cities Rotating         |             |                |                   |                          |                   |
| 18                       | Hollister                          | 0.50        | 4.55%          | 136,364           |                          |                   |
| 19                       | San Juan Bautista                  | <u>0.50</u> | <u>4.55%</u>   | <u>136,364</u>    |                          |                   |
|                          | Subtotal - San Benito County       | <u>2.00</u> | <u>18.18%</u>  | <u>\$ 545,455</u> | <u>10.00%</u>            | <u>\$ 300,000</u> |
|                          | Total                              | 11.00       | 100.00%        | \$ 3,000,000      | 100.00%                  | \$ 3,000,000      |

MBCP received loan approval from RCB on June 16, 2017 for \$3M in start-up funding. On June 21, 2017, the Operations Board Chair established an ad hoc committee to review the loan documentation consisting of Operations Board representatives of the counties of Monterey, San Benito, and Santa Cruz. The loan documents were received from RCB on June 27, 2017. At this time, the ad hoc committee is reviewing the loan documentation. Each of the counties will need to adopt the Non-Revolving Credit Guaranty Agreement with RCB in advance of the approval of the loan by MBCP from RCB. In addition, each County is working to complete their interagency/side agreements with their cities, although this is not a requirement of the Bank. A draft interagency agreement is currently circulating between the counties and their respective cities and Council and Board approvals have either already occurred or are scheduled through the month of July.

The following are brief summaries from each of the three counties regarding their progress on the credit and financing agreements as we aim toward final credit approval by the MBCP Policy Board at its meeting in August or early September.

### Santa Cruz County and Cities

- County of Santa Cruz – Board approval received on 6/27 to negotiate and execute RCB Non-Revolving Credit Guaranty and agreements with cities and San Benito County.
- City of Scotts Valley – Approved 6/21
- City of Santa Cruz – Approved 6/27
- City of Watsonville – Approved 6/27
- City of Capitola – Scheduled for 7/27

### Monterey County and Cities

- The County/Cities reimbursement agreement has been distributed to all participating cities in Monterey County for review.
- The Monterey County Auditor Controller's office has concerns with the reimbursement agreement between the Counties of Monterey and San Benito. Staff continues to discuss this matter internally.
- Time has been scheduled for the MBCP financial agreements to go before the Board of Supervisors on the July 25 meeting.

### San Benito County and Cities

- On June 29 2017, the San Benito Board of Supervisors approved \$500,000 from County reserves for the MBCP guaranty on behalf of the County and the City of San Juan Bautista.
- Interagency agreement between the County and City of San Juan Bautista is underway.
- The County continues to reach out to the City of Hollister but nothing to report at this time.

### **B) Vendor Contract Update:**

On the June 27, 2017 County of Santa Cruz Board of Supervisors agenda contracts with the following vendors were approved:

| <u>Vendor Name and Amount</u>            | <u>Description of Services</u>  |
|--|---|
| Miller Maxfield, Inc., \$199,998         | Strategic planning, website development, collateral information, video presentations, public service announcements, earned media messages and advertising   |
| LEAN Energy, US, \$75,000                | CCE program development and design, administrative, governance and organizational support for MBCP,   |
| Pacific Energy Advisors, Inc., \$265,000 | regulatory tracking and monthly reporting Consulting and technical services to develop the implementation plan for MBCP, power supply and services contracting and rate setting and pre-launch support for MBCP |

Once the non-revolving credit guarantee is in place, these contracts will be assigned to Monterey Bay Community Power and General Services will be reimbursed for costs associated with these contracts. Costs for the above services are included in the draft MBCP budget.

The vendor proposals are attached to this Staff Report.

**C) Form 700s/Economic Statement of Interest:**

Upon further investigation by County of Santa Cruz staff, it has been determined that the Conflict of Interest approved by your Boards at the May 3, 2017 meeting must be submitted to the Fair Political Practices Commission for review. Until such time as their review is complete, the Form 700 should be completed using the paper form, not submitted electronically. The Form 700 should be completed and mailed to:

County of Santa Cruz  
Attention: Carol Johnson  
701 Ocean Street, Room 330  
Santa Cruz, CA 95060

**Fiscal Impact:** None at this time

**Attachments:**

Miller Maxfield, Inc., LEAN Energy US and Pacific Energy Advisors, Inc. Proposals  
Form 700 and Instructions



| <b>MBCP Scope &amp; Budget</b>   |               |               |
|--|---------------|---------------|
| <b>July 1 - Dec. 31, 2017</b>  |               |               |
| <b>ACTIVITY</b>  | <b>BUDGET</b> | <b>TIMING</b> |
| <b>Strategic Planning</b>  | \$8,500       |               |
| Development of 12-month public outreach plan; revisions from Team  |               | July          |
| Strategic counsel; project planning and management   |               | Ongoing       |
| <b>Message Development &amp; Branding</b>  | \$10,500      |               |
| Target MBCP messaging for enrollment   |               | July-Aug      |
| Development of sub-brands  |               | Nov-Dec       |
| Call-center scripting  |               | Dec           |
| <b>Website</b>   | \$30,000      |               |
| Develop new bilingual website featuring opt-out functionality (utilize current MBCP url), updated content and graphic design |               | July-Aug      |
| <b>Collateral &amp; Printing</b>   | \$18,000      |               |
| Update and printing of 1/2 sheet handout (20,000 qty)  |               | Jul-Aug       |
| Update Fact Sheet (print on demand); 2-sided English/Spanish   |               | Jul-Aug       |
| Update and printing of existing bilingual multi-panel accordion brochure (20,000 qty)  |               | Jul-Aug       |
| Giveaways (5,000 qty)  |               | Jul-Aug       |
| <b>Customer Notifications-Layout/Design</b>  | \$6,000       |               |
| Graphic design and text for 4 direct mail pieces (to be mailed February, March, May & June)                                  |               | Nov-Dec       |
| <b>Video Update</b>  | \$25,000      |               |
| Re-cut existing video for social media and presentations   |               | July-Aug      |
| Produce TV ad/PSA in English (to air Spring 2018)  |               | Nov-Dec       |
| Produce TV ad/PSA in Spanish (to air Spring 2018)  |               | Nov-Dec       |
| <b>Public Service Announcements (PSA)-Radio</b>  | \$2,100       |               |
| Write and distribute radio PSAs (3) for radio stations in Monterey, San Benito and Santa Cruz counties                       |               | Aug-Sept      |
| <b>Social Media</b>  | \$9,375       |               |

|  |                  |                |
|--|------------------|----------------|
| Develop and manage monthly Facebook and Instagram Content calendars (6)  |                  | Monthly (July- |
| <b>Enews</b>   | \$12,000         |                |
| Create content and manage one monthly e-News (6)   |                  | Monthly (July- |
| <b>Earned Media</b>  | \$12,000         |                |
| Develop messages, and write approx. 3 press releases highlighting project milestones and enrollment opportunities                            |                  | Aug, Oct, Dec  |
| Distribute press release to press in Monterey, San Benito and Santa Cruz County; provide talking points and coordinate interviews as needed. |                  | Aug, Oct, Dec  |
| <b>Advertising: Monterey County (radio, print, digital, bill inserts)</b>  | \$10,000         | Ongoing        |
| <b>Advertising: San Benito County (radio, print, digital)</b>  | \$5,000          | Ongoing        |
| <b>Advertising: Santa Cruz County (radio, print, digital)</b>  | \$10,000         | Ongoing        |
| <b>Community Outreach &amp; Tabling Events (Farmer's Markets, County Fairs, etc.)</b>  | \$26,000         |                |
| Monterey County (6): Includes tabling fee and staffing time  |                  | Ongoing        |
| San Benito County (3): Includes tabling fee and staffing time  |                  | Ongoing        |
| Santa Cruz County (6): Includes tabling fee and staffing time  |                  | Ongoing        |
| Third Party Outreach Partnerships (ie: Ambassadors, Romero, etc).  |                  | Ongoing        |
| Video Recording of Board Meetings (estimate 12 meetings)   |                  | Ongoing        |
| <b>County Fair Sponsorships</b>  | \$6,000          |                |
| Monterey   |                  | Aug 31 - Sep 4 |
| San Benito   |                  | Sep 28 - Oct 1 |
| Santa Cruz   |                  | Sept 13-17     |
| <b>Contingency Budget (5%)</b>   | \$9,523          |                |
| <b>TOTAL</b>   | <b>\$199,998</b> |                |

**LEAN ENERGY US -- SCOPE OF WORK**  
**County of Santa Cruz on behalf of Monterey Bay Community Power**

For a contract term beginning July 1, 2017 – December 31, 2017, LEAN Energy U.S. (Contractor) will provide CCE Program and Agency Development Services for the County of Santa Cruz on behalf of Monterey Bay Community Power (MBCP). These services will build upon previous and current contract support in the following core areas: CCE program development and design; administrative, governance and organizational support for the newly formed MBCP Agency; CCE-related regulatory tracking/monthly reporting; and, any other support requested by Santa Cruz County staff, MBCP and/or its interim CEO and agreed to by Contractor.

Services will include, but are not limited to:

1. Support and advise on overall program implementation and start-up activities, including but not limited to: weekly team calls and project meetings, CCE program design and advisory support to County staff and MBCP Boards, development and maintenance of the project workplan and timeline, and any administrative/organizational development activities as needed to keep all MBCP implementation elements on track and on time.
2. Continue to work with the County of Santa Cruz and MBCP financing subcommittee on the steps required to complete credit negotiations and associated credit guarantee and interagency agreements. Assist in establishing banking services and deposit accounts for MBCP.
3. Support all aspects of MBCP Operations and Policy Boards. This will include agenda planning, staff report and materials preparation, meeting attendance and presentations as requested.
4. Assist in the development of and provide staff support for MBCP committees including but not limited to a Community Advisory Committee.
5. Assist in researching and establishing initial Agency policies for Board consideration related to MBCP operations, customer interface, billing and fees, risk management and other non-employment related policy matters.
6. Assist with development of Agency staffing plan, organization chart and hiring schedule to respond to MBCP's core functional areas. Assist with human resource policies and procedures, development of job descriptions and candidate interviews.
7. Augment the efforts of the communications and outreach team which could include some or all of the following: delivering MBCP presentations and participating in meetings with key accounts and stakeholder groups, providing feedback on public advertising/campaign plans, supporting customer notification process and call center preparations.
8. Work with MBCP executive team on requirements for the PG&E partnership including but not limited to: MBCP and utility planning meetings, preparation and review of the

utility service agreement, interface between the utility and CPUC regarding bond posting, et al to ensure a smooth customer enrollment process and utility partnership.

9. Assist with MBCP energy program recommendations including final energy product selection and product naming, and complementary programs such as Energy Efficiency, Net Energy Metering and Feed in Tariff.
10. Track CCA-related regulatory activity and provide a monthly regulatory memo and verbal report to the Board of Directors as requested. Work with the CEO and Boards on ways to engage at the CA Public Utilities Commission and CA State Legislature.
11. Provide any other CCE advisory or organizational support as may be needed to ensure a successful transition to an independent Agency and smooth program launch.
12. Please note that this scope includes working in collaboration with all MBCP vendors but does not include participation new vendor RFP processes including data management/call center services.

#### **BUDGET:**

As in earlier agreements, this contract shall be conducted on a time and materials basis, within a cost cap not to exceed \$75,000 (averaging \$12,500 per month) within the project timeframe. All fees will be billed in 15-minute increments and include 10% fee for indirect project costs such as insurance, rent, office supplies and communications. Rates for key LEAN staff are included below. Please note these rates do not include specific legal fees as may be required for regulatory participation, specific proceedings and legislative responses. Fees do not include project-related expenses such as travel, materials production or other vendor support as may be needed for the successful implementation of the initiative. All out of pocket expenses in excess of \$50 will be pre-approved by client and receipts will be furnished with monthly invoices.

#### **Shawn Marshall, Executive Director @ \$170/hour**

Shawn will continue to serve as lead project contact and will have primary interface with executive staff, interim CEO and Boards of Directors.

#### **Mark Landman, Project Manager @ \$160/hour**

Mark will continue to serve as Shawn's project partner, assisting with Board meeting preparation and other organizational needs.

#### **Alison Elliott, Administrative Assistant @ \$60/hour**

Alison will provide contract administration and miscellaneous administrative support to our team.



June 13, 2017

Ms. Carol Johnson  
Administrative Services Manager  
Santa Cruz County  
General Services Department  
701 Ocean Street, Room 330  
Santa Cruz, California 95060

Dear Ms. Johnson,

Pacific Energy Advisors, Inc. ("PEA") is pleased to provide this letter proposal for consulting and technical services to assist the County of Santa Cruz ("County") and the Monterey Bay Community Power ("MBCP") Governing Board in implementing the MBCP Community Choice Aggregation ("CCA") program.

#### **Scope of Work**

PEA will provide consulting and technical services during the County's implementation of the MBCP program, which is anticipated to culminate with the commencement of CCA service in the spring of 2018. It is anticipated that work would be separated into three phases, subject to separate task orders/work authorizations, and that progression to each subsequent phase would be contingent upon the successful outcome of prior phases. This phased approach reduces implementation risk to the County and allows for greater control, as costs are only incurred if the MBCP program is progressing successfully.

*PEA notes that the MBCP Governing Board recently approved/authorized continued work (over a six-month term, extending from July 1, 2017 through December 31, 2017) by PEA for purposes of supporting implementation of the MBCP program. In consideration of this observation, the following letter proposal addresses a variety of pre-startup tasks that must be completed before MBCP commences customer service in 2018. PEA is highly experienced in delivering the proposed scope of services but would like to point out that certain proposed tasks may not be completed within the approved six-month term due to the typical timeframe required to finish CCA implementation activities. To the extent that certain tasks are not complete by December 31, 2017, PEA recommends that the County and MBCP consider extending the term of its agreement with PEA (to allow for our completion of any outstanding tasks) or engage another technical consultant to complete any outstanding work items.*

## PHASE 1 TASKS - PROGRAM DESIGN AND IMPLEMENTATION PLANNING

### Task 1.1 Implementation Plan

#### *Background*

As specified in the California Public Utilities Code (Section 366.2.(c)(3)), the Community Choice Aggregation Implementation Plan and Statement of Intent is a prerequisite of CCA formation. This document will describe key elements of the MBCP program, including:

- An organizational structure of the program, its operations, and its funding;
- Rate setting and other costs to participants;
- Provisions for disclosure and due process in setting rates and allocating costs among participants;
- The methods for entering and terminating agreements with other entities;
- The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures;
- Termination of the program; and
- A description of the third parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities.

#### *Tasks*

PEA shall develop and complete the following key tasks in collaboration with County staff and the MBCP Governing Board to prepare a statutorily responsive plan:

- Facilitate discussion(s) with County staff and the MBCP Governing Board to develop key elements of the Plan, including but not limited to retail product offerings (e.g., default product mix and voluntary green pricing option), customer phase-in and rate-related considerations;
- Develop and maintain an operating pro forma and cash flow financial model related to CCA operations;
- Prepare draft Implementation Plan document;
- Coordinate with designated staff of the California Public Utilities Commission ("CPUC") regarding any questions/comments that may arise in relation to the Implementation Plan; assist the County and/or MBCP in addressing such inquiries; and
- Monitor the CPUC certification process to ensure timely review.

The estimated budget for the Implementation Plan task is \$60,000.

## PHASE 2 TASKS – POWER SUPPLY AND SERVICES CONTRACTING

### Task 2.1 Supplier Selection and Contracting

#### *Background*

Prior to serving customers, MBCP will need to secure requisite energy products and services, including shaped energy (i.e., a quantity of energy delivered by the supplier(s) according to an agreed upon schedule), resource adequacy capacity (i.e., reserve capacity required to meet mandatory compliance obligations for CCAs and other load serving entities), renewable energy, carbon-free energy (if applicable), scheduling coordinator services (which will be required to facilitate participation in California's wholesale energy market) and data management services (which will be required to facilitate customer service support, billing, data management and reporting among other important functions). For California's operating CCA programs, such energy products and services have typically been procured via competitive solicitation processes, which have resulted in the identification of highly qualified product and service providers at prevailing market prices. PEA has direct experience in assisting each operating CCA program with such solicitation processes and related contract negotiations, successfully securing necessary energy products and services for each CCA program.

#### *Tasks*

PEA shall develop and complete the following key tasks in collaboration with County staff and MBCP leadership related to supplier selection and contracting:

- Develop a detailed load forecast utilizing recent PG&E customer information for all eligible customers;
- Determine desired energy and capacity quantities, which would supply aggregate customer requirements, including anticipated participation in default and voluntary retail service options;
- Prepare draft solicitation materials, including a Request for Proposals/Offers document and related bid workbooks (which will provide an organized, uniform framework for bidder responses), to support the procurement of necessary energy and capacity products as well as scheduling coordinator services;
- Prepare draft solicitation materials, including a Request for Proposals/Offers document and related bid workbooks to support the procurement of necessary data management services;
- Assist MBCP in developing and finalizing form transaction documents for desired products and services;
- Evaluate offers received in response to the aforementioned solicitation processes and assist MBCP in selecting the preferred supplier(s) of such products and services;

- In conjunction with MBCP's selected legal counsel, support contract negotiation for desired products and services;
  - *Note: PEA is not a law firm nor does it provide legal counsel. PEA recommends that MBCP retain the services of qualified legal counsel to support pertinent contract negotiations; the provision of such services is not included in the following budget estimate.*
- Support "go/no-go" decision to launch the CCA program based on final power supply prices and then-current PG&E retail electric rates; and
- Perform necessary coordinative activities with MBCP's selected supplier(s) during startup.

The estimated budget for the Supplier Selection and Contracting task is \$75,000.

### **Task 2.2 Start-up Funding**

#### *Background*

Based on MBCP's technical study, it is anticipated that various startup costs will be incurred prior to service commencement. Because MBCP will not be receiving customer revenues during this startup period, it will be necessary to self-finance related expenses and/or secure third-party financing (via loan or access to a sufficient line of credit) to support a successful launch. PEA has assisted certain operating CCA programs with such efforts, providing insight regarding expected financial performance and general operations during meetings with prospective financiers. PEA has deep experience with California aggregation programs and has been effective in addressing various questions and concerns during such financing discussions.

#### *Tasks*

To support MBCP's startup funding discussions, PEA will complete the following activities:

- Quantify initial financing requirements based on the selected customer phase-in schedule and other parameters; and
- Support negotiations with prospective financiers (for bank loans or other funding sources).

The estimated budget for the Startup Funding task is \$10,000.



## PHASE 3 TASKS – RATESETTING AND PRE-LAUNCH SUPPORT

### Task 3.1 Program Development

#### *Background*

MBCP may wish to offer certain complementary programs that would be designed to support local distributed renewable infrastructure buildout, including customer-sited renewable generation (i.e., behind-the-meter rooftop solar, which would be installed for the primary purpose of reducing a customer's reliance on off-site energy sources) and smaller-scale wholesale renewable generators, which would supplement other wholesale supply sources. Several operational CCAs have been successful in developing and administering such programs, supporting expedited buildout of clean energy sources within the respective service territory of each program, and PEA has been instrumental in working with many CCA programs during the design of related tariffs and program descriptions.

#### *Tasks*

To promote the successful development and administration of MBCP's complementary energy programs, which are expected to include a Net Energy Metering ("NEM") and Feed-In Tariff ("FIT") offering, PEA will complete the following activities:

- Prepare a draft NEM tariff, including applicable tariff language and sample customer impact analyses;
- Prepare a draft FIT, including applicable project eligibility criteria, pricing schedules and an appropriate power purchase agreement (which will be developed in conjunction with MBCP's designated power contracting counsel);
- Coordinate with MBCP's selected data management services provider to ensure the effective implementation of NEM rates and related bill calculations; and
- Coordinate with MBCP's selected Qualified Reporting Entity to ensure that energy production from FIT projects is appropriately communicated to and tracked within the Western Renewable Energy Generation Information System ("WREGIS").

The estimated budget for the Program Development task is \$20,000.

### Task 3.2 Regulatory Registrations and Compliance Systems

#### *Background*

As a Load Serving Entity ("LSE") within the state of California, MBCP will be required to comply with a variety of regulations, including participation in certain reporting programs administered by the CPUC and California Energy Commission ("CEC").

While certain of these reporting programs will not be applicable until the second year of operation, other programs will require attention prior to service commencement or shortly thereafter. In particular, the annual electric load forecast (as it relates to future reserve capacity, also known as "resource adequacy," compliance obligations), WREGIS account registration, preparation of joint cost comparisons (a customer communication requirement created by SB 790) and preliminary power source disclosures will all require pre-launch completion.

#### *Tasks*

To ensure compliance with these requirements, PEA shall complete the following activities:

- Prepare a regulatory compliance calendar and reporting matrix to ensure that management has a thorough understanding of currently applicable technical reporting requirements and related submittal deadlines;
- Prepare load forecast and related filings to ensure compliance with California's resource adequacy program;
- Assist in completing requisite registration materials to become a WREGIS account holder – a WREGIS account will be necessary to track and report on renewable energy purchases for purposes of complying with California's Renewables Portfolio Standard program and substantiating procurement of renewable energy, generally speaking;
- Assist in becoming a candidate Congestion Revenue Rights ("CRR") holder with the California Independent System Operator ("CAISO") – CRRs may help mitigate certain financial risks and reduce costs associated with energy delivery within the CAISO market; and
- Assist in preparing requisite customer cost comparisons, which indicate the cost comparative cost impact of taking service with the CCA program relative to PG&E, and prospective power source disclosures.

The estimated budget for the Regulatory Registrations and Compliance Systems task is \$20,000.

### **Task 3.3 Rate Setting**

#### *Background*

Establishing initial customer rates will be a key task during the pre-startup phase. Such rates will be established in consideration of PG&E's then-effective rates schedules under which prospective customers currently receive electric service. PEA has considerable experience in CCA rate setting activities, having supported all of California's operating CCA programs in this important endeavor. Effective rate setting will ensure that the

CCA program is financially sustainable and able to fulfill its financial obligations while remaining competitive with the incumbent utility.

#### *Tasks*

PEA shall develop and complete the following work items:

- Develop preliminary and final revenue requirements for the first year of program operation;
- Prepare preliminary and final rate schedules for the first year of program operation; and
- Prepare CCA/PG&E cost comparisons to ensure an understanding of anticipated customer cost impacts.

The estimated budget for the Rate Setting task is \$50,000.

### **Task 3.4 General Implementation Support**

#### *Background*

During the startup phase, there may be a need for technical support with regard to a variety of implementation activities. PEA has provided such support on an as-needed basis to California's other CCA programs, ensuring that sufficient expertise is available to address a broad range of potential needs.

#### *Tasks*

PEA's general support may include, but is not limited to the following:

- Coordination with staff, suppliers and other contractors to ensure effective program launch;
- Prepare for and participate in MBCP meetings, providing technical support during key discussions and decision making; PEA would be available to assist staff in preparing meeting materials and presenting such materials at meetings;
- Coordination with pertinent jurisdictional regulatory agencies: to the extent that jurisdictional regulatory agencies have questions regarding applicable reports/submittals and/or general questions regarding CCA operations, PEA would be available to address such inquiries and/or participate in related meetings or teleconferences;
- Coordination with key customers: PEA would be available to participate in discussions/meetings with key customer accounts, providing technical expertise related to rates, resource planning, power supply and anticipated environmental impacts; and
- General as-needed advisory services.

The estimated budget for the General Implementation Support task is \$30,000.

### **Schedule**

It is anticipated that the proposed scope for Phase 1 will be completed within six weeks of execution of a professional services agreement between the County and PEA. The schedule for Phases 2 and 3 is dependent upon actions by the County and MBCP's Governing Board, and completion of Phases 2 and 3 is expected to occur over an approximate nine month period, following completion of Phase 1.

### **About PEA**

PEA was formed in November 2013 for the purpose of providing specialized consulting services to the electric utility industry with a focus on resource planning and procurement, contract negotiation and administration, analytics and advisory services. PEA's principal consultants and founders, John Dalessi and Kirby Dusel, have more than 40 years of collective experience advising public agencies and private businesses within California and throughout the U.S. PEA's service offerings are tailored to organizations engaged in competitive electric service alternatives, such as community choice aggregation and direct access, as well as local government entities (including municipal utilities).

PEA represents unparalleled technical expertise related to CCA. We pride ourselves on the success of our clientele, which includes Marin Clean Energy (California's first CCA), Sonoma Clean Power (California's second CCA), Lancaster Choice Energy (California's third CCA), CleanPowerSF, Peninsula Clean Energy, Apple Valley Choice Energy and Silicon Valley Clean Energy, as well as many other communities considering CCA formation. These organizations have enjoyed tremendous success thus far, and we are very grateful for the opportunity to have supported each organization through virtually all phases of CCA development, including preliminary evaluation, organization, implementation, and ongoing operation.

CCA is a key focus of our business and has been since Assembly Bill 117 was passed by the California legislature in 2002. Since that time, PEA's consultants have supported CCA exploration (through their key role in the California Energy Commission's CCA Pilot Project), early adoption (through the work of PEA's founders with the Kings River Conservation District and San Joaquin Valley Power Authority), initial operation (through PEA's work with the Marin Clean Energy and Sonoma Clean Power programs) and ongoing CCA expansion (through PEA's work with Lancaster Choice Energy, CleanPowerSF and other communities).

PEA is headquartered in Folsom, CA within close proximity to the State Capitol, the California Energy Commission, the California Independent System Operator and other resource management agencies. At present, Pacific focuses business operations within the state of California.

### **Pricing and Fee Schedule**

PEA will provide the services described in this proposal on a time and materials basis at the following hourly rates for professional services, subject to negotiation of mutually acceptable contract terms. Pre-approved travel and related expenses incurred during the completion of project work will be billed monthly with no markup.

**PEA Rate Schedule**

| <b>Staff</b>    | <b>Hourly Rate</b> |
|-----------------|--------------------|
| John Dalessi    | \$295              |
| Kirby Dusel     | \$250              |
| Brian Goldstein | \$205              |

Total budget for the aforementioned tasks is estimated as follows:

**Estimated Budget**

| <b>Phase</b> | <b>Budget</b> |
|--------------|---------------|
| Phase 1      | \$60,000      |
| Phase 2      | \$85,000      |
| Phase 3      | \$120,000     |

PEA appreciates the opportunity to assist the County and MBCP with the successful implementation of its CCA program. If you should have any questions concerning this proposal, please contact me at (916) 936-3301.

A handwritten signature in black ink, appearing to read "John Dalessi". The signature is fluid and cursive, with the first name "John" and last name "Dalessi" clearly distinguishable.

John Dalessi

President

Pacific Energy Advisors, Inc.

# 2016/2017 Statement of Economic Interests



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## Form 700

A Public Document

*Also available on the FPPC website:*

- ***Form 700 in Excel format***
- ***Reference Pamphlet for Form 700***

California Fair Political Practices Commission

Email Advice: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

Toll-free advice line: 1 (866) ASK-FPPC • 1 (866) 275-3772

Telephone: (916)322-5660 • Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

December 2016

## What's New

### Gift Limit Increase

The gift limit increased to \$470 for calendar years 2017 and 2018. The gift limit during 2016 was \$460.

### Gifts of Travel

If an individual receives a payment that is a reportable gift for travel taken on or after January 1, 2016, he or she must disclose the travel destination. (See Schedule E instructions for other details that must be disclosed.)

### Who must file:

- Elected and appointed officials and candidates listed in Government Code Section 87200
- Employees, appointed officials, and consultants filing pursuant to a conflict of interest code ("code filers").  
**Obtain your disclosure categories, which describe the interests you must report, from your agency; they are not part of the Form 700**
- Candidates running for local elective offices that are designated in a conflict of interest code (e.g., county sheriffs, city clerks, school board trustees, and water board members)

**Exception:** Candidates for a county central committee are not required to file the Form 700.

- Members of newly created boards and commissions not yet covered under a conflict of interest code
- Employees in newly created positions of existing agencies

See Reference Pamphlet, page 3, at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Where to file:

#### 87200 Filers

|                      |   |                             |
|----------------------|---|-----------------------------|
| State offices        | ⇒ | Your agency                 |
| Judicial offices     | ⇒ | The clerk of your court     |
| Retired Judges       | ⇒ | Directly with FPPC          |
| County offices       | ⇒ | Your county filing official |
| City offices         | ⇒ | Your city clerk             |
| Multi-County offices | ⇒ | Your agency                 |

#### Code Filers — State and Local Officials, Employees, and Consultants Designated in a Conflict of Interest

**Code:** File with your agency, board, or commission unless otherwise specified in your agency's code (e.g., Legislative staff files directly with FPPC). In most cases, the agency, board, or commission will retain the statements.

#### Members of Boards and Commissions of Newly

**Created Agencies:** File with your newly created agency or with your agency's code reviewing body.

#### Employees in Newly Created Positions of Existing

**Agencies:** File with your agency or with your agency's code reviewing body. See Reference Pamphlet, page 3.

**Candidates:** File with your local elections office.

## How to file:

The Form 700 is available at [www.fppc.ca.gov](http://www.fppc.ca.gov). Form 700 schedules are also available in Excel format. All statements must have an original "wet" signature or be duly authorized by your filing officer to file electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions.

## When to file:

### Annual Statements

#### ⇒ March 1, 2017

- Elected State Officers
- Judges and Court Commissioners
- State Board and State Commission Members listed in Government Code Section 87200

#### ⇒ April 3, 2017

- Most other filers

Individuals filing under conflict of interest codes in city and county jurisdictions should verify the annual filing date with their local filing officers.

Statements postmarked by the filing deadline are considered filed on time.

### Assuming Office and Leaving Office Statements

Most filers file within 30 days of assuming or leaving office or within 30 days of the effective date of a newly adopted or amended conflict of interest code.

#### Exception:

If you assumed office between October 1, 2016, and December 31, 2016, and filed an assuming office statement, you are not required to file an annual statement until March 1, 2018, or April 2, 2018, whichever is applicable. The annual statement will cover the day after you assumed office through December 31, 2017. See Reference Pamphlet, pages 6 and 7, for additional exceptions.

### Candidate Statements

File no later than the final filing date for the declaration of candidacy or nomination documents.

### Amendments

Statements may be amended at any time. You are only required to amend the schedule that needs to be revised. It is not necessary to amend the entire filed form. Obtain amendment schedules at [www.fppc.ca.gov](http://www.fppc.ca.gov).

**There is no provision for filing deadline extensions unless the filer is serving in active military duty.**

Statements of 30 pages or less may be faxed by the deadline as long as the originally signed paper version is sent by first class mail to the filing official within 24 hours.



## Introduction

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government officials and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

### Gift Prohibition

Gifts received by most state and local officials, employees, and candidates are subject to a limit. During 2015 and 2016, the gift limit was \$460 from a single source per calendar year. For years 2017-2018, the limit increased to \$470 from a single source during a calendar year.

In addition, state officials, state candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying firms registered with the Secretary of State. See Reference Pamphlet, page 10.

State and local officials and employees should check with their agency to determine if other restrictions apply.

### Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect their economic interests. This may include interests they are not required to disclose (i.e., a personal residence is often not reportable, but may be disqualifying). Specific disqualification requirements apply to 87200 filers (e.g., city councilmembers, members of boards of supervisors, planning commissioners, etc.). These officials must publicly identify the economic interest that creates a conflict of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105, Regulation 18707, and the Guide to Recognizing Conflicts of Interest at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Honorarium Ban

Most state and local officials, employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. See Reference Pamphlet, page 10.

### Loan Restrictions

Certain state and local officials are subject to restrictions on loans. See Reference Pamphlet, page 14.

### Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state officials, most state employees, local elected officials, county chief administrative officers, city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts and JPAs. The FPPC website has fact sheets explaining the provisions.

### Late Filing

The filing officer who retains originally-signed or electronically filed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

**For assistance** concerning reporting, prohibitions, and restrictions under the Act:

- Email questions to [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov).
- Call the FPPC toll-free at (866) 275-3772.

### Form 700 is a Public Document Public Access Must Be Provided

Statements of Economic Interests are public documents. The filing officer must permit any member of the public to inspect and receive a copy of any statement.

- Statements must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received. Access to the Form 700 is not subject to the Public Records Act procedures.
- No conditions may be placed on persons seeking access to the forms.
- No information or identification may be required from persons seeking access.
- Reproduction fees of no more than 10 cents per page may be charged.

## Types of Form 700 Filings

### Assuming Office Statement:

If you are a newly appointed official or are newly employed in a position designated, or that will be designated, in a state or local agency's conflict of interest code, your assuming office date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected official, your assuming office date is the date you were sworn in.

- Investments, interests in real property, and business positions held on the date you assumed the office or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the office or position is reportable.

For positions subject to confirmation by the State Senate or the Commission on Judicial Performance, your assuming office date is the date you were appointed or nominated to the position.

### Example:

Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate confirmation. The assuming office date is the date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

If your office or position has been added to a newly adopted or newly amended conflict of interest code, use the effective date of the code or amendment, whichever is applicable.

- Investments, interests in real property, and business positions held on the effective date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the effective date of the code or amendment is reportable.

### Annual Statement:

Generally, the period covered is January 1, 2016, through December 31, 2016. If the period covered by the statement is different than January 1, 2016, through December 31, 2016, (for example, you assumed office between October 1, 2015, and December 31, 2015 or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

- If your disclosure category changes during a reporting period, disclose under the old category until the effective date of the conflict of interest code amendment and disclose under the new disclosure category through the end of the reporting period.

### Leaving Office Statement:

Generally, the period covered is January 1, 2016, through the date you stopped performing the duties of your position. If the period covered differs from January 1, 2016, through the date you stopped performing the duties of your position (for example, you assumed office between October 1, 2015, and December 31, 2015, or you are combining statements), the period covered must be specified. The reporting period can cover parts of two calendar years.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2016.

### Candidate Statement:

If you are filing a statement in connection with your candidacy for state or local office, investments, interests in real property, and business positions held on the date of filing your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of filing your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective offices (e.g., county sheriffs, city clerks, school board trustees, or water district board members) must file candidate statements, as required by the conflict of interest code for the elected position. The code may be obtained from the agency of the elected position.

### Amendments:

If you discover errors or omissions on any statement, file an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to refile the entire form. Obtain amendment schedules from the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

## Instructions Cover Page

Enter your name, mailing address, and daytime telephone number in the spaces provided. **Because the Form 700 is a public document, you may list your business/office address instead of your home address.**

### Part 1. Office, Agency, or Court

- Enter the name of the office sought or held, or the agency or court. Consultants must enter the public agency name rather than their private firm's name. (Examples: State Assembly; Board of Supervisors; Office of the Mayor; Department of Finance; Hope County Superior Court)
- Indicate the name of your division, board, or district, if applicable. (Examples: Division of Waste Management; Board of Accountancy; District 45). **Do not use acronyms.**
- Enter your position title. (Examples: Director; Chief Counsel; City Council Member; Staff Services Analyst)
- If you hold multiple positions (i.e., a city council member who also is a member of a county board or commission), you may be required to file statements with each agency. To simplify your filing obligations, you may complete an expanded statement.
- To do this, enter the name of the other agency(ies) with which you are required to file and your position title(s) in the space provided. **Do not use acronyms.** Attach an additional sheet if necessary. Complete one statement covering the disclosure requirements for all positions. Each copy must contain an original signature. Therefore, before signing the statement, make a copy for each agency. Sign each copy with an original signature and file with each agency.

If you assume or leave a position after a filing deadline, you must complete a separate statement. For example, a city council member who assumes a position with a county special district after the April 1 annual filing deadline must file a separate assuming office statement. In subsequent years, the city council member may expand his or her annual filing to include both positions.

#### Example:

Scott Baker is a city council member for the City of Lincoln and a board member for the Camp Far West Irrigation District – a multi-county agency that covers Placer and Yuba counties. Scott will complete one Form 700 using full disclosure (as required for the city position) and covering interests in both Placer and Yuba counties (as required for the multi-county position) and list both positions on the Cover Page. Before signing the statement, Scott will make a copy and sign both statements. One statement will be filed with City of Lincoln and the other will be filed with Camp Far West Irrigation District. Both will contain an original signature.

### Part 2. Jurisdiction of Office

- Check the box indicating the jurisdiction of your agency and, if applicable, identify the jurisdiction. Judges, judicial candidates, and court commissioners have statewide jurisdiction. All other filers should review the Reference Pamphlet, page 13, to determine their jurisdiction.
- If your agency is a multi-county office, list each county in which your agency has jurisdiction.

- If your agency is not a state office, court, county office, city office, or multi-county office (e.g., school districts, special districts and JPAs), check the "other" box and enter the county or city in which the agency has jurisdiction.

#### Example:

This filer is a member of a water district board with jurisdiction in portions of Yuba and Sutter Counties.

|   |   |
|---|---|
| <b>1. Office, Agency, or Court</b>  |   |
| Agency Name (Do not use acronyms)<br>Feather River Irrigation District                    |   |
| Division, Board, Department, District, if applicable<br>N/A                               | Your Position<br>Board Member   |
| ► If filing for multiple positions, list below or on an attachment. (Do not use acronyms) |   |
| Agency N/A  | Position:   |
| <b>2. Jurisdiction of Office (Check at least one box)</b>                                 |   |
| <input type="checkbox"/> State  | <input type="checkbox"/> Judge or Court Commissioner (Statewide Jurisdiction) |
| <input checked="" type="checkbox"/> Multi-County Yuba & Sutter Counties                   | <input type="checkbox"/> County of  |
| <input type="checkbox"/> City of  | <input type="checkbox"/> Other  |

### Part 3. Type of Statement

Check at least one box. The period covered by a statement is determined by the type of statement you are filing. If you are completing a 2016 annual statement, **do not** change the pre-printed dates to reflect 2017. Your annual statement is used for reporting the **previous year's** economic interests. Economic interests for your annual filing covering January 1, 2017, through December 31, 2017, will be disclosed on your statement filed in 2018. See Reference Pamphlet, page 4.

**Combining Statements:** Certain types of statements may be combined. For example, if you leave office after January 1, but before the deadline for filing your annual statement, you may combine your annual and leaving office statements. File by the earliest deadline. Consult your filing officer or the FPPC.

### Part 4. Schedule Summary

- Complete the Schedule Summary after you have reviewed each schedule to determine if you have reportable interests.
- Enter the total number of completed pages including the cover page and either check the box for each schedule you use to disclose interests; or if you have nothing to disclose on any schedule, check the "No reportable interests" box. Please **do not** attach any blank schedules.

### Part 5. Verification

Complete the verification by signing the statement and entering the date signed. All statements must have an original "wet" signature or be duly authorized by your filing officer to file electronically under Government Code Section 87500.2. Instructions, examples, FAQs, and a reference pamphlet are available to help answer your questions. **When you sign your statement, you are stating, under penalty of perjury, that it is true and correct.** Only the filer has authority to sign the statement. An unsigned statement is not considered filed and you may be subject to late filing penalties.

FPPC Form 700 (2016/2017)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions – 1

STATEMENT OF ECONOMIC INTERESTS

Date Initial Filing Received  
Official Use Only

COVER PAGE

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

1. Office, Agency, or Court

Agency Name (Do not use acronyms)

Division, Board, Department, District, if applicable

Your Position

► If filing for multiple positions, list below or on an attachment. (Do not use acronyms)

Agency: \_\_\_\_\_

Position: \_\_\_\_\_

2. Jurisdiction of Office (Check at least one box)

☐ State

☐ Multi-County \_\_\_\_\_

☐ City of \_\_\_\_\_

☐ Judge or Court Commissioner (Statewide Jurisdiction)

☐ County of \_\_\_\_\_

☐ Other \_\_\_\_\_

3. Type of Statement (Check at least one box)

☐ Annual: The period covered is January 1, 2016, through December 31, 2016.

-or-

The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_, through December 31, 2016.

☐ Assuming Office: Date assumed \_\_\_\_/\_\_\_\_/\_\_\_\_

☐ Leaving Office: Date Left \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Check one)

☐ The period covered is January 1, 2016, through the date of leaving office.

-or-

☐ The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_, through the date of leaving office.

☐ Candidate: Election year \_\_\_\_\_ and office sought, if different than Part 1: \_\_\_\_\_

4. Schedule Summary (must complete) ► Total number of pages including this cover page: \_\_\_\_\_

Schedules attached

☐ Schedule A-1 - Investments - schedule attached

☐ Schedule A-2 - Investments - schedule attached

☐ Schedule B - Real Property - schedule attached

☐ Schedule C - Income, Loans, & Business Positions - schedule attached

☐ Schedule D - Income - Gifts - schedule attached

☐ Schedule E - Income - Gifts - Travel Payments - schedule attached

-or-

☐ None - No reportable interests on any schedule

5. Verification

MAILING ADDRESS STREET CITY STATE ZIP CODE  
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER

( )

E-MAIL ADDRESS

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed \_\_\_\_\_  
(month, day, year)

Signature \_\_\_\_\_  
(File the originally signed statement with your filing official.)

## Which Schedule Do I Use?

### Common Reportable Interests

|              |   |
|--------------|---|
| Schedule A-1 | Stocks, including those held in an IRA or a 401K  |
| Schedule A-2 | Business entities (including certain independent contracting), sole proprietorships, partnerships, LLCs, corporations, and trusts |
| Schedule B   | Rental property in the jurisdiction, or within two miles of the boundaries of the jurisdiction                                    |
| Schedule C   | Non-governmental salaries of public official and spouse/registered domestic partner   |
| Schedule D   | Gifts from businesses (such as tickets to sporting or entertainment events)   |
| Schedule E   | Travel payments from third parties (not your employer)  |

### Common Non-Reportable Interests

|              |  |
|--------------|--|
| Schedule A-1 | Insurance policies, government bonds, diversified mutual funds, certain funds similar to diversified mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 13, for detailed information. (Regulation 18237) |
| Schedule A-2 | Savings and checking accounts and annuities  |
| Schedule B   | A residence used exclusively as a personal residence (such as a home or vacation cabin)  |
| Schedule C   | Governmental salary (such as a school district)  |
| Schedule D   | Gifts from family members  |
| Schedule E   | Travel paid by your government agency  |

#### Remember:

- ✓ Mark the "No reportable interests" box on Part 4 of the Schedule Summary on the Cover Page if you determine you have nothing to disclose and file the Cover Page only. **Make sure you carefully read all instructions to ensure proper reporting.**
- ✓ The Form 700 is a public document.
- ✓ **Most individuals must consult their agency's conflict of interest code for reportable interests.**
- ✓ Most individuals file the Form 700 with their agencies.

## Questions and Answers

### General

Q. What is the reporting period for disclosing interests on an assuming office statement or a candidate statement?

A. On an assuming office statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed office. In addition, you must disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed office.

On a candidate statement, disclose all reportable investments, interests in real property, and business positions held on the date you file your declaration of candidacy. You must also disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you file your declaration of candidacy.

Q. I hold two other board positions in addition to my position with the county. Must I file three statements of economic interests?

A. Yes, three are required. However, you may complete one statement listing the county and the two boards on the Cover Page or an attachment as the agencies for which you will be filing. Report your economic interests using the largest jurisdiction and highest disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement before signing it, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. Remember to complete separate statements for positions that you leave or assume during the year.

Q. I am a department head who recently began acting as city manager. Should I file as the city manager?

A. Yes. File an assuming office statement as city manager. Persons serving as "acting," "interim," or "alternate" must file as if they hold the position because they are or may be performing the duties of the position.

Q. As a designated employee, I left one state agency to work for another state agency. Must I file a leaving office statement?

A. Yes. You may also need to file an assuming office statement for the new agency.

Q. My spouse and I are currently separated and in the process of obtaining a divorce. Must I still report my spouse's income, investments, and interests in real property?

A. Yes. A public official must continue to report a spouse's economic interests until such time as dissolution of marriage proceedings is final. However, if a separate property agreement has been reached prior to that time, your estranged spouse's income may not have to be reported. Contact the FPPC for more information.

### Investment Disclosure

Q. I have an investment interest in shares of stock in a company that does not have an office in my jurisdiction. Must I still disclose my investment interest in this company?

A. Probably. The definition of "doing business in the jurisdiction" is not limited to whether the business has an office or physical location in your jurisdiction. See Reference Pamphlet, page 13.

Q. My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in diversified mutual funds. I have full disclosure. How is this trust disclosed?

A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in diversified mutual funds registered with the SEC are not reportable.

Q. I am required to report all investments. I have an IRA that contains stocks through an account managed by a brokerage firm. Must I disclose these stocks even though they are held in an IRA and I did not decide which stocks to purchase?

A. Yes. Disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.

## Questions and Answers

### Continued

Q. I am the sole owner of my business, an S-Corporation. I believe that the nature of the business is such that it cannot be said to have any "fair market value" because it has no assets. I operate the corporation under an agreement with a large insurance company. My contract does not have resale value because of its nature as a personal services contract. Must I report the fair market value for my business on Schedule A-2 of the Form 700?

A. Yes. Even if there are no *tangible* assets, intangible assets, such as relationships with companies and clients are commonly sold to qualified professionals. The "fair market value" is often quantified for other purposes, such as marital dissolutions or estate planning. In addition, the IRS presumes that "personal services corporations" have a fair market value. A professional "book of business" and the associated goodwill that generates income are not without a determinable value. The Form 700 does not require a precise fair market value; it is only necessary to check a box indicating the broad range within which the value falls.

Q. I own stock in IBM and must report this investment on Schedule A-1. I initially purchased this stock in the early 1990s; however, I am constantly buying and selling shares. Must I note these dates in the "Acquired" and "Disposed" fields?

A. No. You must only report dates in the "Acquired" or "Disposed" fields when, during the reporting period, you initially purchase a reportable investment worth \$2,000 or more or when you dispose of the entire investment. You are not required to track the partial trading of an investment.

Q. On last year's filing I reported stock in Encoe valued at \$2,000 - \$10,000. Late last year the value of this stock fell below and remains at less than \$2,000. How should this be reported on this year's statement?

A. You are not required to report an investment if the value was less than \$2,000 during the **entire** reporting period. However, because a disposed date is not required for stocks that fall below \$2,000, you may want to report the stock and note in the "comments" section that the value fell below \$2,000. This would be for informational purposes only; it is not a requirement.

Q. We have a Section 529 account set up to save money for our son's college education. Is this reportable?

A. If the Section 529 account contains reportable interests (e.g., common stock valued at \$2,000 or more), those interests are reportable (not the actual Section 529 account). If the account contains solely mutual funds, then nothing is reported.

### Income Disclosure

Q. I reported a business entity on Schedule A-2. Clients of my business are located in several states. Must I report all clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2, Part 3?

A. No, only the clients located in or doing business on a regular basis in your jurisdiction must be disclosed.

Q. I believe I am not required to disclose the names of clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2 because of their right to privacy. Is there an exception for reporting clients' names?

A. Regulation 18740 provides a procedure for requesting an exemption to allow a client's name not to be disclosed if disclosure of the name would violate a legally recognized privilege under California or Federal law. This regulation may be obtained from our website at [www.fppc.ca.gov](http://www.fppc.ca.gov). See Reference Pamphlet, page 14.

Q. I am sole owner of a private law practice that is not reportable based on my limited disclosure category. However, some of the sources of income to my law practice are from reportable sources. Do I have to disclose this income?

A. Yes, even though the law practice is not reportable, reportable sources of income to the law practice of \$10,000 or more must be disclosed. This information would be disclosed on Schedule C with a note in the "comments" section indicating that the business entity is not a reportable investment. The note would be for informational purposes only; it is not a requirement.

## Questions and Answers Continued

Q. I am the sole owner of my business. Where do I disclose my income - on Schedule A-2 or Schedule C?

A. Sources of income to a business in which you have an ownership interest of 10% or greater are disclosed on Schedule A-2. See Reference Pamphlet, page 8, for the definition of "business entity."

Q. My husband is a partner in a four-person firm where all of his business is based on his own billings and collections from various clients. How do I report my community property interest in this business and the income generated in this manner?

A. If your husband's investment in the firm is 10% or greater, disclose 100% of his share of the business on Schedule A-2, Part 1 and 50% of his income on Schedule A-2, Parts 2 and 3. For example, a client of your husband's must be a source of at least \$20,000 during the reporting period before the client's name is reported.

Q. How do I disclose my spouse's or registered domestic partner's salary?

A. Report the name of the employer as a source of income on Schedule C.

Q. I am a doctor. For purposes of reporting \$10,000 sources of income on Schedule A-2, Part 3, are the patients or their insurance carriers considered sources of income?

A. If your patients exercise sufficient control by selecting you instead of other doctors, then your patients, rather than their insurance carriers, are sources of income to you. See Reference Pamphlet, page 14, for additional information.

Q. I received a loan from my grandfather to purchase my home. Is this loan reportable?

A. No. Loans received from family members are not reportable.

Q. Many years ago, I loaned my parents several thousand dollars, which they paid back this year. Do I need to report this loan repayment on my Form 700?

A. No. Payments received on a loan made to a family member are not reportable.

### Real Property Disclosure

Q. During this reporting period we switched our principal place of residence into a rental. I have full disclosure and the property is located in my agency's jurisdiction, so it is now reportable. Because I have not reported this property before, do I need to show an "acquired" date?

A. No, you are not required to show an "acquired" date because you previously owned the property. However, you may want to note in the "comments" section that the property was not previously reported because it was used exclusively as your residence. This would be for informational purposes only; it is not a requirement.

Q. I am a city manager, and I own a rental property located in an adjacent city, but one mile from the city limit. Do I need to report this property interest?

A. Yes. You are required to report this property because it is located within 2 miles of the boundaries of the city you manage.

Q. Must I report a home that I own as a personal residence for my daughter?

A. You are not required to disclose a home used as a personal residence for a family member unless you receive income from it, such as rental income.

Q. I am a co-signer on a loan for a rental property owned by a friend. Since I am listed on the deed of trust, do I need to report my friend's property as an interest in real property on my Form 700?

A. No. Simply being a co-signer on a loan for property does not create a reportable interest in real property for you.

### Gift Disclosure

Q. If I received a reportable gift of two tickets to a concert valued at \$100 each, but gave the tickets to a friend because I could not attend the concert, do I have any reporting obligations?

A. Yes. Since you accepted the gift and exercised discretion and control of the use of the tickets, you must disclose the gift on Schedule D.



## Questions and Answers Continued

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- Q. Mary and Joe Benson, a married couple, want to give a piece of artwork to a county supervisor. Is each spouse considered a separate source for purposes of the gift limit and disclosure?
- A. Yes, each spouse may make a gift valued at the gift limit during a calendar year. For example, during 2016 the gift limit was \$460, so the Bensons may have given the supervisor artwork valued at no more than \$920. The supervisor must identify Joe and Mary Benson as the sources of the gift.
- Q. I am a Form 700 filer with full disclosure. Our agency holds a holiday raffle to raise funds for a local charity. I bought \$10 worth of raffle tickets and won a gift basket valued at \$120. The gift basket was donated by Doug Brewer, a citizen in our city. At the same event, I bought raffle tickets for, and won a quilt valued at \$70. The quilt was donated by a coworker. Are these reportable gifts?
- A. Because the gift basket was donated by an outside source (not an agency employee), you have received a reportable gift valued at \$110 (the value of the basket less the consideration paid). The source of the gift is Doug Brewer and the agency is disclosed as the intermediary. Because the quilt was donated by an employee of your agency, it is not a reportable gift.
- Q. My agency is responsible for disbursing grants. An applicant (501(c)(3) organization) met with agency employees to present its application. At this meeting, the applicant provided food and beverages. Would the food and beverages be considered gifts to the employees? These employees are designated in our agency's conflict of interest code and the applicant is a reportable source of income under the code.
- A. Yes. If the value of the food and beverages consumed by any one filer, plus any other gifts received from the same source during the reporting period total \$50 or more, the food and beverages would be reported using the fair market value and would be subject to the gift limit.
- Q. I received free admission to an educational conference related to my official duties. Part of the conference fees included a round of golf. Is the value of the golf considered informational material?
- A. No. The value of personal benefits, such as golf, attendance at a concert, or sporting event, are gifts subject to reporting and limits.

## Instructions – Schedules A-1 and A-2 Investments

"Investment" means a financial interest in any business entity (including a consulting business or other independent contracting business) that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more at any time during the reporting period. See Reference Pamphlet, page 13.

### Reportable investments include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds (See Reference Pamphlet, page 13.)
- Sole proprietorships
- Your own business or your spouse's or registered domestic partner's business (See Reference Pamphlet, page 8, for the definition of "business entity.")
- Your spouse's or registered domestic partner's investments even if they are legally separate property
- Partnerships (e.g., a law firm or family farm)
- Investments in reportable business entities held in a retirement account (See Reference Pamphlet, page 15.)
- If you, your spouse or registered domestic partner, and dependent children together had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose investments held by the business entity or trust. See Reference Pamphlet, page 15, for more information on disclosing trusts.
- Business trusts

### You are not required to disclose:

- Government bonds, diversified mutual funds, certain funds similar to diversified mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. See Reference Pamphlet, page 13, for detailed information. (Regulation 18237)
- Bank accounts, savings accounts, money market accounts and certificates of deposits
- Insurance policies
- Annuities
- Commodities
- Shares in a credit union
- Government bonds (including municipal bonds)
- Retirement accounts invested in non-reportable interests (e.g., insurance policies, mutual funds, or government bonds) (See Reference Pamphlet, page 15.)

- Government defined-benefit pension plans (such as CalPERS and CalSTRS plans)
- Certain interests held in a blind trust (See Reference Pamphlet, page 16.)

**Use Schedule A-1** to report ownership of less than 10% (e.g., stock). Schedule C (Income) may also be required if the investment is not a stock or corporate bond. See second example below.

**Use Schedule A-2** to report ownership of 10% or greater (e.g., a sole proprietorship).

### To Complete Schedule A-1:

Do not attach brokerage or financial statements.

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (e.g., pharmaceuticals, computers, automobile manufacturing, or communications).
- Check the box indicating the highest fair market value of your investment during the reporting period. If you are filing a candidate or an assuming office statement, indicate the fair market value on the filing date or the date you took office, respectively.
- Identify the nature of your investment (e.g., stocks, warrants, options, or bonds).
- An acquired or disposed of date is only required if you initially acquired or entirely disposed of the investment interest during the reporting period. The date of a stock dividend reinvestment or partial disposal is not required. Generally, these dates will not apply if you are filing a candidate or an assuming office statement.

### Examples:

John Smith holds a state agency position. His conflict of interest code requires full disclosure of investments. John must disclose his stock holdings of \$2,000 or more in any company that is located in or does business in California, as well as those stocks held by his spouse or registered domestic partner and dependent children.

Susan Jones is a city council member. She has a 4% interest, worth \$5,000, in a limited partnership located in the city. Susan must disclose the partnership on Schedule A-1 and income of \$500 or more received from the partnership on Schedule C.

### Reminders

- Do you know your agency's jurisdiction?
- Did you hold investments at any time during the period covered by this statement?
- Code filers – your disclosure categories may only require disclosure of specific investments.

**SCHEDULE A-1****Investments****Stocks, Bonds, and Other Interests**

(Ownership Interest is Less Than 10%)

Do not attach brokerage or financial statements.

|   |
|---|
| <b>CALIFORNIA FORM 700</b><br>FAIR POLITICAL PRACTICES COMMISSION<br>Name _____ |
|---|

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

## ▶ NAME OF BUSINESS ENTITY

## GENERAL DESCRIPTION OF THIS BUSINESS

## FAIR MARKET VALUE

- |  |   |
|--|---|
| <input type="checkbox"/> \$2,000 - \$10,000      | <input type="checkbox"/> \$10,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$1,000,000 | <input type="checkbox"/> Over \$1,000,000     |

## NATURE OF INVESTMENT

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Stock       | <input type="checkbox"/> Other _____<br>(Describe)                            |
| <input type="checkbox"/> Partnership | <input type="radio"/> Income Received of \$0 - \$499                          |
|                                      | <input type="radio"/> Income Received of \$500 or More (Report on Schedule C) |

IF APPLICABLE, LIST DATE:

|              |              |
|--------------|--------------|
| ____/____/16 | ____/____/16 |
| ACQUIRED     | DISPOSED     |

Comments: \_\_\_\_\_

## Instructions – Schedule A-2

### Investments, Income, and Assets of Business Entities/Trusts

Use Schedule A-2 to report investments in a business entity (including a consulting business or other independent contracting business) or trust (including a living trust) in which you, your spouse or registered domestic partner, and your dependent children, together or separately, had a 10% or greater interest, totaling \$2,000 or more, during the reporting period and which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13. A trust located outside your agency's jurisdiction is reportable if it holds assets that are located in or doing business in the jurisdiction. Do not report a trust that contains non-reportable interests. For example, a trust containing only your personal residence not used in whole or in part as a business, your savings account, and some municipal bonds, is not reportable.

Also report on Schedule A-2 investments and real property held by that entity or trust if your pro rata share of the investment or real property interest was \$2,000 or more during the reporting period.

#### To Complete Schedule A-2:

**Part 1.** Disclose the name and address of the business entity or trust. If you are reporting an interest in a business entity, check "Business Entity" and complete the box as follows:

- Provide a general description of the business activity of the entity.
- Check the box indicating the highest fair market value of your investment during the reporting period.
- If you initially acquired or entirely disposed of this interest during the reporting period, enter the date acquired or disposed.
- Identify the nature of your investment.
- Disclose the job title or business position you held with the entity, if any (i.e., if you were a director, officer, partner, trustee, employee, or held any position of management). A business position held by your spouse is not reportable.

**Part 2.** Check the box indicating **your pro rata** share of the **gross** income received **by** the business entity or trust. This amount includes your pro rata share of the **gross** income **from** the business entity or trust, as well as your community property interest in your spouse's or registered domestic partner's share. Gross income is the total amount of income before deducting expenses, losses, or taxes.

**Part 3.** Disclose the name of each source of income that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction, as follows:

- Disclose each source of income and outstanding loan **to the business entity or trust** identified in Part 1 if your pro rata share of the **gross** income (including your community property interest in your spouse's or registered domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting

period. See Reference Pamphlet, page 11, for examples. Income from governmental sources may be reportable if not considered salary. See Regulation 18232. Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.

- Disclose each individual or entity that was a source of commission income of \$10,000 or more during the reporting period through the business entity identified in Part 1. See Reference Pamphlet, page 8, for an explanation of commission income.

You may be required to disclose sources of income located outside your jurisdiction. For example, you may have a client who resides outside your jurisdiction who does business on a regular basis with you. Such a client, if a reportable source of \$10,000 or more, must be disclosed.

Mark "None" if you do not have any reportable \$10,000 sources of income to disclose. Using phrases such as "various clients" or "not disclosing sources pursuant to attorney-client privilege" may trigger a request for an amendment to your statement. See Reference Pamphlet, page 14, for details about requesting an exemption from disclosing privileged information.

**Part 4.** Report any investments or interests in real property held or leased **by the entity or trust** identified in Part 1 if your pro rata share of the interest held was \$2,000 or more during the reporting period. Attach additional schedules or use FPPC's Form 700 Excel spreadsheet if needed.

- Check the applicable box identifying the interest held as real property or an investment.
- If investment, provide the name and description of the business entity.
- If real property, report the precise location (e.g., an assessor's parcel number or address).
- Check the box indicating the highest fair market value of your interest in the real property or investment during the reporting period. (Report the fair market value of the portion of your residence claimed as a tax deduction if you are utilizing your residence for business purposes.)
- Identify the nature of your interest.
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property or investment during the reporting period.

**SCHEDULE A-2**  
**Investments, Income, and Assets**  
**of Business Entities/Trusts**  
(Ownership Interest is 10% or Greater)

|   |
|---|
| <b>CALIFORNIA FORM 700</b><br>FAIR POLITICAL PRACTICES COMMISSION<br>Name _____ |
|---|

**▶ 1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one

☐ Trust, go to 2      ☐ Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF THIS BUSINESS**

FAIR MARKET VALUE

- ☐ \$0 - \$1,999  
☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INVESTMENT

☐ Partnership    ☐ Sole Proprietorship    ☐ \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

- ☐ \$0 - \$499      ☐ \$10,001 - \$100,000  
☐ \$500 - \$1,000      ☐ OVER \$100,000  
☐ \$1,001 - \$10,000

**▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)**

☐ None    or    ☐ Names listed below

**▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:

☐ INVESTMENT      ☐ REAL PROPERTY

Name of Business Entity, if Investment, or  
Assessor's Parcel Number or Street Address of Real Property

Description of Business Activity or  
City or Other Precise Location of Real Property

FAIR MARKET VALUE

- ☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INTEREST

☐ Property Ownership/Deed of Trust    ☐ Stock    ☐ Partnership

☐ Leasehold \_\_\_\_\_    ☐ Other \_\_\_\_\_  
Yrs. remaining

☐ Check box if additional schedules reporting investments or real property are attached

**▶ 1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one

☐ Trust, go to 2      ☐ Business Entity, complete the box, then go to 2

**GENERAL DESCRIPTION OF THIS BUSINESS**

FAIR MARKET VALUE

- ☐ \$0 - \$1,999  
☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INVESTMENT

☐ Partnership    ☐ Sole Proprietorship    ☐ \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

- ☐ \$0 - \$499      ☐ \$10,001 - \$100,000  
☐ \$500 - \$1,000      ☐ OVER \$100,000  
☐ \$1,001 - \$10,000

**▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE (Attach a separate sheet if necessary.)**

☐ None    or    ☐ Names listed below

**▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:

☐ INVESTMENT      ☐ REAL PROPERTY

Name of Business Entity, if Investment, or  
Assessor's Parcel Number or Street Address of Real Property

Description of Business Activity or  
City or Other Precise Location of Real Property

FAIR MARKET VALUE

- ☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INTEREST

☐ Property Ownership/Deed of Trust    ☐ Stock    ☐ Partnership

☐ Leasehold \_\_\_\_\_    ☐ Other \_\_\_\_\_  
Yrs. remaining

☐ Check box if additional schedules reporting investments or real property are attached

Comments: \_\_\_\_\_

## Instructions – Schedule B Interests in Real Property

Report interests in real property located in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or beneficial interest totaling \$2,000 or more any time during the reporting period. Real property is also considered to be "within the jurisdiction" of a local government agency if the property or any part of it is located within two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency. See Reference Pamphlet, page 13.

### Interests in real property include:

- An ownership interest (including a beneficial ownership interest)
- A deed of trust, easement, or option to acquire property
- A leasehold interest (See Reference Pamphlet, page 14.)
- A mining lease
- An interest in real property held in a retirement account (See Reference Pamphlet, page 15.)
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater ownership interest (Report on Schedule A-2.)
- Your spouse's or registered domestic partner's interests in real property that are legally held separately by him or her

### You are not required to report:

- A residence, such as a home or vacation cabin, used exclusively as a personal residence (However, a residence in which you rent out a room or for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.)

**Please note:** A non-reportable residence can still be grounds for a conflict of interest and may be disqualifying.

- Interests in real property held through a blind trust (See Reference Pamphlet, page 16, for exceptions.)

### To Complete Schedule B:

- Report the precise location (e.g., an assessor's parcel number or address) of the real property.
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.
- Identify the nature of your interest. If it is a leasehold, disclose the number of years remaining on the lease.

### Reminders

- Income and loans already reported on Schedule B are not also required to be reported on Schedule C.
- Real property already reported on Schedule A-2, Part 4 is not also required to be reported on Schedule B.
- Code filers – do your disclosure categories require disclosure of real property?

- If you received rental income, check the box indicating the gross amount you received.
- If you had a 10% or greater interest in real property and received rental income, list the name of the source(s) if your pro rata share of the gross income from any single tenant was \$10,000 or more during the reporting period. If you received a total of \$10,000 or more from two or more tenants acting in concert (in most cases, this will apply to married couples), disclose the name of each tenant. Otherwise, mark "None."
- Loans from a private lender that total \$500 or more and are secured by real property may be reportable. **Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status are not reportable.**

### When reporting a loan:

- Provide the name and address of the lender.
- Describe the lender's business activity.
- Disclose the interest rate and term of the loan. For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period. The term of a loan is the total number of months or years given for repayment of the loan at the time the loan was established.
- Check the box indicating the highest balance of the loan during the reporting period.
- Identify a guarantor, if applicable.

If you have more than one reportable loan on a single piece of real property, report the additional loan(s) on Schedule C.

### Example:

Joe Nelson is a city planning commissioner. Joe received rental income of \$12,000 during the reporting period from a single tenant who rented property Joe owned in the city's jurisdiction. If Joe had received the \$12,000 from two or more tenants, the tenants' names would not be required as long as no single tenant paid \$10,000 or more. A married couple would be considered a single tenant.

|   |   |
|---|---|
| ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS<br>4600 24th Street  |   |
| CITY<br>Sacramento  |   |
| FAIR MARKET VALUE   | IF APPLICABLE, LIST DATE:<br>ACQUIRED / / 18<br>DISPOSED / / 18 |
| <input type="checkbox"/> \$2,000 - \$10,000   |   |
| <input type="checkbox"/> \$10,001 - \$100,000   |   |
| <input checked="" type="checkbox"/> \$100,001 - \$1,000,000   |   |
| <input type="checkbox"/> Over \$1,000,000   |   |
| NATURE OF INTEREST  |   |
| <input checked="" type="checkbox"/> Ownership/Deed of Trust   | <input type="checkbox"/> Easement                               |
| <input type="checkbox"/> Leasehold  | <input type="checkbox"/> Other                                  |
| IF RENTAL PROPERTY, GROSS INCOME RECEIVED   |   |
| <input type="checkbox"/> \$0 - \$499  | <input type="checkbox"/> \$500 - \$1,000                        |
| <input checked="" type="checkbox"/> \$10,001 - \$100,000  | <input type="checkbox"/> OVER \$100,000                         |
| SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more. |   |
| <input type="checkbox"/> None   |   |
| Henry Wells   |   |
| NAME OF LENDER*   |   |
| Sophia Petroillo  |   |
| ADDRESS (Business Address Acceptable)   |   |
| 2121 Blue Sky Parkway, Sacramento   |   |
| BUSINESS ACTIVITY, IF ANY, OF LENDER  |   |
| Restaurant Owner  |   |
| INTEREST RATE   | TERM (Months/Years)   |
| 8 % <input type="checkbox"/> None   | 15 Years  |
| HIGHEST BALANCE DURING REPORTING PERIOD   |   |
| <input type="checkbox"/> \$500 - \$1,000  | <input type="checkbox"/> \$1,001 - \$10,000                     |
| <input checked="" type="checkbox"/> \$10,001 - \$100,000  | <input type="checkbox"/> OVER \$100,000                         |
| <input type="checkbox"/> Guarantor, if applicable   |   |

FPPC Form 700 (2016/2017)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions – 12

**SCHEDULE B**  
**Interests in Real Property**  
(Including Rental Income)

**CALIFORNIA FORM 700**  
FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

► ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS

CITY \_\_\_\_\_

FAIR MARKET VALUE

- ☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INTEREST

- ☐ Ownership/Deed of Trust      ☐ Easement  
☐ Leasehold \_\_\_\_\_  
Yrs. remaining      Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED

- ☐ \$0 - \$499      ☐ \$500 - \$1,000      ☐ \$1,001 - \$10,000  
☐ \$10,001 - \$100,000      ☐ OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.

☐ None

► ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS

CITY \_\_\_\_\_

FAIR MARKET VALUE

- ☐ \$2,000 - \$10,000  
☐ \$10,001 - \$100,000  
☐ \$100,001 - \$1,000,000  
☐ Over \$1,000,000

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/16      \_\_\_\_/\_\_\_\_/16  
ACQUIRED      DISPOSED

NATURE OF INTEREST

- ☐ Ownership/Deed of Trust      ☐ Easement  
☐ Leasehold \_\_\_\_\_  
Yrs. remaining      Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED

- ☐ \$0 - \$499      ☐ \$500 - \$1,000      ☐ \$1,001 - \$10,000  
☐ \$10,001 - \$100,000      ☐ OVER \$100,000

SOURCES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.

☐ None

\* You are not required to report loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER \_\_\_\_\_

INTEREST RATE

TERM (Months/Years)

\_\_\_\_\_%      ☐ None

HIGHEST BALANCE DURING REPORTING PERIOD

- ☐ \$500 - \$1,000      ☐ \$1,001 - \$10,000  
☐ \$10,001 - \$100,000      ☐ OVER \$100,000

☐ Guarantor, if applicable

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER \_\_\_\_\_

INTEREST RATE

TERM (Months/Years)

\_\_\_\_\_%      ☐ None

HIGHEST BALANCE DURING REPORTING PERIOD

- ☐ \$500 - \$1,000      ☐ \$1,001 - \$10,000  
☐ \$10,001 - \$100,000      ☐ OVER \$100,000

☐ Guarantor, if applicable

Comments: \_\_\_\_\_

# Instructions – Schedule C

## Income, Loans, & Business Positions

### (Income Other Than Gifts and Travel Payments)

#### Reporting Income:

Report the source and amount of gross income of \$500 or more you received during the reporting period. Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans other than loans from a commercial lending institution. See Reference Pamphlet, page 11. You must also report the source of income to your spouse or registered domestic partner if your community property share was \$500 or more during the reporting period.

The source and income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in your agency's jurisdiction. See Reference Pamphlet, page 13, for more information about doing business in the jurisdiction. Reportable sources of income may be further limited by your disclosure category located in your agency's conflict of interest code.

#### Reporting Business Positions:

You must report your job title with each reportable business entity even if you received no income during the reporting period. Use the comments section to indicate that no income was received.

#### Commonly reportable income and loans include:

- Salary/wages, per diem, and reimbursement for expenses including travel payments provided by your employer
- Community property interest (50%) in your spouse's or registered domestic partner's income - **report the employer's name and all other required information**
- Income from investment interests, such as partnerships, reported on Schedule A-1
- Commission income not required to be reported on Schedule A-2 (See Reference Pamphlet, page 8.)
- Gross income from any sale, including the sale of a house or car (Report your pro rata share of the total sale price.)
- Rental income not required to be reported on Schedule B
- Prizes or awards not disclosed as gifts
- Payments received on loans you made to others
- An honorarium received prior to becoming a public official (See Reference Pamphlet, page 10, concerning your ability to receive future honoraria.)
- Incentive compensation (See Reference Pamphlet, page 12.)

#### Reminders

- Code filers – your disclosure categories may not require disclosure of all sources of income.
- If you or your spouse or registered domestic partner are self-employed, report the business entity on Schedule A-2.
- Do not disclose on Schedule C income, loans, or business positions already reported on Schedules A-2 or B.

#### You are not required to report:

- Salary, reimbursement for expenses or per diem, or social security, disability, or other similar benefit payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency.
- Stock dividends and income from the sale of stock unless the source can be identified.
- Income from a PERS retirement account.

See Reference Pamphlet, page 11, for more exceptions to income reporting.

#### To Complete Schedule C:

##### Part 1. Income Received/Business Position Disclosure

- Disclose the name and address of each source of income or each business entity with which you held a business position.
- Provide a general description of the business activity if the source is a business entity.
- Check the box indicating the amount of gross income received.
- Identify the consideration for which the income was received.
- For income from commission sales, check the box indicating the gross income received and list the name of each source of commission income of \$10,000 or more. See Reference Pamphlet, page 8. **Note: If you receive commission income on a regular basis or have an ownership interest of 10% or more, you must disclose the business entity and the income on Schedule A-2.**
- Disclose the job title or business position, if any, that you held with the business entity, even if you did not receive income during the reporting period.

##### Part 2. Loans Received or Outstanding During the Reporting Period

- Provide the name and address of the lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan.
  - For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period.
  - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was entered into.
- Identify the security, if any, for the loan.



**SCHEDULE C**  
**Income, Loans, & Business**  
**Positions**  
(Other than Gifts and Travel Payments)

**CALIFORNIA FORM 700**  
FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

► 1. INCOME RECEIVED

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED

☐ No Income - Business Position Only

☐ \$500 - \$1,000

☐ \$1,001 - \$10,000

☐ \$10,001 - \$100,000

☐ OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

☐ Salary ☐ Spouse's or registered domestic partner's income  
(For self-employed use Schedule A-2.)

☐ Partnership (Less than 10% ownership. For 10% or greater use  
Schedule A-2.)

☐ Sale of \_\_\_\_\_  
(Real property, car, boat, etc.)

☐ Loan repayment

☐ Commission or ☐ Rental Income, list each source of \$10,000 or more

(Describe) \_\_\_\_\_

☐ Other \_\_\_\_\_  
(Describe) \_\_\_\_\_

► 1. INCOME RECEIVED

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED

☐ No Income - Business Position Only

☐ \$500 - \$1,000

☐ \$1,001 - \$10,000

☐ \$10,001 - \$100,000

☐ OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

☐ Salary ☐ Spouse's or registered domestic partner's income  
(For self-employed use Schedule A-2.)

☐ Partnership (Less than 10% ownership. For 10% or greater use  
Schedule A-2.)

☐ Sale of \_\_\_\_\_  
(Real property, car, boat, etc.)

☐ Loan repayment

☐ Commission or ☐ Rental Income, list each source of \$10,000 or more

(Describe) \_\_\_\_\_

☐ Other \_\_\_\_\_  
(Describe) \_\_\_\_\_

► 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD

\* You are not required to report loans from commercial lending institutions, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your official status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER \_\_\_\_\_

HIGHEST BALANCE DURING REPORTING PERIOD

☐ \$500 - \$1,000

☐ \$1,001 - \$10,000

☐ \$10,001 - \$100,000

☐ OVER \$100,000

INTEREST RATE \_\_\_\_\_

TERM (Months/Years) \_\_\_\_\_

\_\_\_\_\_ % ☐ None

SECURITY FOR LOAN

☐ None ☐ Personal residence

☐ Real Property \_\_\_\_\_  
Street address \_\_\_\_\_

City \_\_\_\_\_

☐ Guarantor \_\_\_\_\_

☐ Other \_\_\_\_\_  
(Describe) \_\_\_\_\_

Comments: \_\_\_\_\_

## Instructions – Schedule D Income – Gifts

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported.

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is unknown, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary. You may indicate an intermediary either in the "source" field after the name or in the "comments" section at the bottom of Schedule D.

### Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes not used for official agency business
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering
- Rebates/discounts not made in the regular course of business to members of the public without regard to official status
- Wedding gifts (See Reference Pamphlet, page 16)
- An honorarium received prior to assuming office (You may report an honorarium as income on Schedule C, rather than as a gift on Schedule D, if you provided services of equal or greater value than the payment received. See Reference Pamphlet, page 10, regarding your ability to receive future honoraria.)
- Transportation and lodging (See Schedule E.)
- Forgiveness of a loan received by you

### You are not required to disclose:

- Gifts that were not used and that, within 30 days after receipt, were returned to the donor or delivered to a charitable organization or government agency without

being claimed by you as a charitable contribution for tax purposes

- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, and certain other family members (See Regulation 18942 for a complete list.). The exception does not apply if the donor was acting as an agent or intermediary for a reportable source who was the true donor.
- Gifts of similar value exchanged between you and an individual, other than a lobbyist registered to lobby your state agency, on holidays, birthdays, or similar occasions
- Gifts of informational material provided to assist you in the performance of your official duties (e.g., books, pamphlets, reports, calendars, periodicals, or educational seminars)
- A monetary bequest or inheritance (However, inherited investments or real property may be reportable on other schedules.)
- Personalized plaques or trophies with an individual value of less than \$250
- Campaign contributions
- Up to two tickets, for your own use, to attend a fundraiser for a campaign committee or candidate, or to a fundraiser for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The ticket must be received from the organization or committee holding the fundraiser.
- Gifts given to members of your immediate family if the source has an established relationship with the family member and there is no evidence to suggest the donor had a purpose to influence you. (See Regulation 18943.)
- Free admission, food, and nominal items (such as a pen, pencil, mouse pad, note pad or similar item) available to all attendees, at the event at which the official makes a speech (as defined in Regulation 18950(b)(2)), so long as the admission is provided by the person who organizes the event.
- Any other payment not identified above, that would otherwise meet the definition of gift, where the payment is made by an individual who is not a lobbyist registered to lobby the official's state agency, where it is clear that the gift was made because of an existing personal or business relationship unrelated to the official's position and there is no evidence whatsoever at the time the gift is made to suggest the donor had a purpose to influence you.

### Reminders

- Gifts from a single source are subject to a \$460 limit during 2016. See Reference Pamphlet, page 10.
- Code filers – you only need to report gifts from reportable sources.

### Gift Tracking Mobile Application

- FPPC has created a gift tracking app for mobile devices that helps filers track gifts and provides a quick and easy way to upload the information to the Form 700. Visit FPPC's website to download the app.

### To Complete Schedule D:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source.
- Provide the date (month, day, and year) of receipt, and disclose the fair market value and description of the gift.

FPPC Form 700 (2016/2017)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions – 16

# SCHEDULE D Income – Gifts

|  |
|--|
| <b>CALIFORNIA FORM 700</b><br>FAIR POLITICAL PRACTICES COMMISSION<br>Name: _____<br>_____<br>_____ |
|--|

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

► NAME OF SOURCE (Not an Acronym)

ADDRESS (Business Address Acceptable)

BUSINESS ACTIVITY, IF ANY, OF SOURCE

| DATE (mm/dd/yy) | VALUE    | DESCRIPTION OF GIFT(S) |
|-----------------|----------|------------------------|
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |
| ___/___/___     | \$ _____ | _____                  |

Comments: \_\_\_\_\_

\_\_\_\_\_

## Instructions – Schedule E Travel Payments, Advances, and Reimbursements

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a specific description of the purpose of your travel. See the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans" at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### You are **not** required to disclose:

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received, such as reimbursement for travel on agency business from your government agency employer.
- A payment for travel from another local, state, or federal government agency and related per diem expenses when the travel is for education, training or other inter-agency programs or purposes.
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C.
- A travel payment that was received from a non-profit entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.

**Note:** Certain travel payments may not be reportable if reported on Form 801 by your agency.

### To Complete Schedule E:

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity if the source is a business entity.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s).
  - **Travel payments are gifts** if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement.

When reporting travel payments that are gifts, you must provide a description of the gift and the **date(s)** received. If the travel occurred on or after January 1, 2016, you must also disclose the **travel destination**.

- **Travel payments are income** if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling \$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts. When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income.

### Example:

City council member Rick Chandler is the chairman of a 501 (c)(6) trade association and the association pays for Rick's travel to attend its meetings. Because Rick is deemed to be providing equal or greater consideration for the travel payment by virtue of serving on the board, this payment may be reported as income. Payments for Rick to attend other events for which he is not providing services are likely considered gifts.

|  |                |
|--|----------------|
| NAME OF SOURCE (Not an Acronym)  |                |
| Health Services Trade Association  |                |
| ADDRESS (Business Address Acceptable)  |                |
| 1230 K Street, Suite 610   |                |
| CITY AND STATE   |                |
| Sacramento, CA   |                |
| <input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE                       |                |
| Association of Healthcare Workers  |                |
| DATE(S)  | AMT. \$ 150.00 |
| (If gift)  |                |
| MUST CHECK ONE: <input type="checkbox"/> GIFT <input checked="" type="checkbox"/> INCOME                   |                |
| <input type="radio"/> Made a Speech/Participated in a Panel  |                |
| <input checked="" type="radio"/> Other - Provide Description <u>Travel reimbursement for board meeting</u> |                |

FPPC Form 700 (2016/2017)

FPPC Advice Email: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

FPPC Toll-Free Helpline: 866/275-3772 [www.fppc.ca.gov](http://www.fppc.ca.gov)

Instructions - 18

**SCHEDULE E**  
**Income – Gifts**  
**Travel Payments, Advances,**  
**and Reimbursements**

|   |
|---|
| <b>CALIFORNIA FORM 700</b><br>FAIR POLITICAL PRACTICES COMMISSION<br>Name _____ |
|---|

- Mark either the gift or income box.
- Mark the "501(c)(3)" box for a travel payment received from a nonprofit 501(c)(3) organization or the "Speech" box if you made a speech or participated in a panel. These payments are not subject to the gift limit, but may result in a disqualifying conflict of interest.
- For gifts of travel, provide the travel destination.

|  |
|--|
| ▶ NAME OF SOURCE <i>(Not an Acronym)</i><br>_____<br>ADDRESS <i>(Business Address Acceptable)</i><br>_____<br>CITY AND STATE<br>_____<br><input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE<br>_____<br>DATE(S): ____/____/____ - ____/____/____ AMT: \$_____<br><i>(If gift)</i><br>▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input type="checkbox"/> Income<br><input type="radio"/> Made a Speech/Participated in a Panel<br><input type="radio"/> Other - Provide Description _____<br>▶ If Gift, Provide Travel Destination _____ |
|--|

|  |
|--|
| ▶ NAME OF SOURCE <i>(Not an Acronym)</i><br>_____<br>ADDRESS <i>(Business Address Acceptable)</i><br>_____<br>CITY AND STATE<br>_____<br><input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE<br>_____<br>DATE(S): ____/____/____ - ____/____/____ AMT: \$_____<br><i>(If gift)</i><br>▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input type="checkbox"/> Income<br><input type="radio"/> Made a Speech/Participated in a Panel<br><input type="radio"/> Other - Provide Description _____<br>▶ If Gift, Provide Travel Destination _____ |
|--|

|  |
|--|
| ▶ NAME OF SOURCE <i>(Not an Acronym)</i><br>_____<br>ADDRESS <i>(Business Address Acceptable)</i><br>_____<br>CITY AND STATE<br>_____<br><input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE<br>_____<br>DATE(S): ____/____/____ - ____/____/____ AMT: \$_____<br><i>(If gift)</i><br>▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input type="checkbox"/> Income<br><input type="radio"/> Made a Speech/Participated in a Panel<br><input type="radio"/> Other - Provide Description _____<br>▶ If Gift, Provide Travel Destination _____ |
|--|

|  |
|--|
| ▶ NAME OF SOURCE <i>(Not an Acronym)</i><br>_____<br>ADDRESS <i>(Business Address Acceptable)</i><br>_____<br>CITY AND STATE<br>_____<br><input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE<br>_____<br>DATE(S): ____/____/____ - ____/____/____ AMT: \$_____<br><i>(If gift)</i><br>▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input type="checkbox"/> Income<br><input type="radio"/> Made a Speech/Participated in a Panel<br><input type="radio"/> Other - Provide Description _____<br>▶ If Gift, Provide Travel Destination _____ |
|--|

Comments: \_\_\_\_\_





### **Staff Report Item 8**

**TO:** MBCP Policy Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager, County of Santa Cruz  
Shawn Marshall, LEAN Energy US

**SUBJECT:** Approval of Implementation Budget

**DATE:** July 12, 2017

---

#### **Recommendation**

Approve MBCP Implementation Budget as presented in Attachment A.

#### **Background**

At the May 3rd joint Board meeting, staff provided a brief overview of the proposed MBCP implementation budget which provides an estimate of Agency start-up costs assuming a May/June 2018 program launch. This budget, which does not include internal soft costs from Santa Cruz County nor power purchase agreements, was developed based on the experience of other recent CCA start ups. It provides the basis for the \$3M secured line of credit from River City Bank and the shared loan guaranty among MBCP member agencies. The implementation budget needs to be approved by the Policy Board as part of the loan package. A longer-term operations budget inclusive of projected revenues and operations expenses will be developed by the interim CEO and adopted by the Policy Board at its meeting later this Fall.

#### **Analysis and Discussion**

As noted above, the implementation budget was developed based on recent experiences of other CCA programs and serves as a short-term (or interim) program budget, focused on start-up expenses only. It serves as the basis for MBCP's initial \$3M line of credit. A full operations budget including projected revenues and detailed operations expenses will be developed in the next few months once the interim CEO is on board.

A few items of note regarding the implementation budget:

1. It is based on a 12-month implementation period commencing July 2017-June 2018.
2. It closely aligns with the cost estimates provided in the Technical Study; however, some of the expenses have been reallocated to reflect current market conditions and recent CCE formation experience.
3. It includes customer enrollment/noticing costs for an estimated 100,000 customers in Phase 1 (Phase 2 and 3 enrollment costs would be covered by Agency revenue).
4. This budget does NOT include the cost of power or the reimbursable expenses for interim support staff from Santa Cruz County and other member agencies.

5. It does NOT include data management/call center costs because those expenses typically begin accruing on a per account basis once the program is operational.
6. This budget does NOT include bank fees or debt service/interest payments, which will not commence until the program is operational and generating revenue.

As a point of information, projected project expenses accrued by the County of Santa Cruz are estimated to be less than \$175,000. An expense report summarizing the County's expenses for the period March 1-May 31 is attached for your reference. These expenses will be repaid from MBCP revenues after the initial line of credit provided by River City Bank (RCB) has been repaid.

You will also note that the current implementation estimate of \$2.293M is well below the \$3M line of credit recently approved by RCB. This will leave sufficient room for bank fees and debt service as well as a cushion in the event that the program launches service slightly later than May 2018.

A larger, longer term, unsecured loan will soon be negotiated with RCB to cover the costs of power supply and early Agency operations. That loan will follow on the line of credit and will be directed by the interim CEO this Fall.

**Attachments:**

Proposed Implementation Budget  
Santa Cruz County Expense Report



**Monterey Bay Community Power**  
**Proposed 12-Month Implementation Budget:**  
**July 2017-June 2018**

**MBCP Implementation and Administration**

|   |           |
|---|-----------|
| Project Management and Operations Support   | \$100,000 |
| Interim Executive/staff salaries  | \$650,000 |
| Board Meeting Expenses  | \$15,000  |
| Start up administrative costs (office rent, service fees, equipment, insurance, etc.) | \$150,000 |

**TOTAL:** **\$915,000**

**Technical and Energy Services**

|  |           |
|--|-----------|
| Implementation Plan  | \$35,000  |
| Operating Budget/Proforma Update                               | \$5,000   |
| Power Supply RFP, vendor selection and contract negotiations   | \$100,000 |
| Rate Design/Rate Setting                                       | \$60,000  |
| Assistance with NEM/FIT programs, registrations and compliance | \$50,000  |

**TOTAL:** **\$250,000**

**Communications/Customer Enrollment**

|  |           |
|--|-----------|
| Messaging and sub-brand development                          | \$20,000  |
| Website 2.0  | \$30,000  |
| Collateral Design/Video Update                               | \$45,000  |
| Advertising Campaign -- print, social, paid and earned media | \$250,000 |
| Community Outreach/Tabling and events                        | \$25,000  |
| Customer Notifications (4 @ \$ 1.00 each)*                   | \$400,000 |

**TOTAL:** **\$770,000**

**Finance/Legal**

|   |          |
|---|----------|
| General Counsel Services                              | \$75,000 |
| Banking and Credit Services - legal review, fees, etc | \$25,000 |
| Power Supply Contracts - legal services               | \$75,000 |

**TOTAL:** **\$175,000**

**Regulatory/Legislative**

|   |           |
|---|-----------|
| Cal-CCA Associate Membership            | \$3,000   |
| Gain Party Status/Post CCA Bond         | \$120,000 |
| Participation in Regulatory Proceedings | \$50,000  |
| Regulatory Monitoring and Reporting     | \$10,000  |

**TOTAL:** **\$183,000**

**TOTAL:** **\$2,293,000**

\*Assumes 4 notices to 100,000 Phase 1 customers in MBCP service territory

Budget does not include: 1) cost of power, 2) reimbursable expenses for Santa Cruz County support staff and internal soft costs incurred on behalf of MBCP, 3) credit interest/debt service

COUNTY OF SANTA CRUZ  
COSTS INCURRED AND ANTICIPATED COSTS  
March through August 2017

| DESCRIPTION  | AMOUNT           |
|--|------------------|
| Staff salaries and benefits March - August                         | \$23,200         |
| LEAN Energy US through May   | \$26,844         |
| LEAN Energy US June - August                                       | \$26,844         |
| Miller Maxfield July - August                                      | \$20,000         |
| Pacific Energy Advisors July - August                              | \$20,000         |
| Interim CEO Salary   | \$57,500         |
| TOTAL ANTICIPATED COSTS AND COSTS INCURRED BY COUNTY OF SANTA CRUZ | <u>\$174,388</u> |



## Staff Report Item 9

**TO:** MBCP Policy Board of Directors

**FROM:** Ajita Patel, Deputy Director, Personnel  
Dana McRae, Interim General Counsel

**SUBJECT:** Employment Agreement for the Interim Chief Executive Officer (CEO)

**CC:** Operations Board of Directors

**DATE:** July 12, 2017

---

### **Recommendation**

Approve the appointment of Tom Habashi as Interim Chief Executive Officer and approve the employment agreement between Monterey Bay Community Power Joint Powers Authority and Tom Habashi as the Interim Chief Executive Officer.

### **Background**

At the first board meeting of the MBCP, Santa Cruz County Personnel received authorization to proceed with MBCP's Interim CEO search. As you may recall, the Interim CEO search was posted for two (2) weeks with outreach to over a dozen individuals and professional organizations. Selection interviews were held on June 1<sup>st</sup> by the Operations Subcommittee, comprising of Ray Corpuz, Ray Espinosa, Charles Montoya, Jamie Goldstein and Carlos Palacios. The subcommittee unanimously agreed that Mr. Habashi was the most qualified candidate to take MBCP to the next phase, and moved his nomination to the Policy Board.

On June 14, 2017 the Policy Board interviewed Mr. Habashi and selected a negotiating team that includes Bruce McPherson, Jamie Goldstein and Ray Espinoza to finalize a contract with Mr. Habashi.

### **Discussion**

Attached for your review today is an employment agreement that is within the economic parameters set by the Policy Board for an interim period. Overall, the agreement includes the customary elements such as compensation, term, extension mechanisms, waiver of benefits, scope of services and specific items to be completed by the month of September 2017 in order to meet a launch timeline of Spring 2018. As you are aware, Mr. Habashi brings a wealth of

experience in start-up formation, public boards and energy procurements to MBCP. We look forward to your approval of the agreement and appointment of Mr Habashi.

**Attachment**

Employment Agreement

## **EMPLOYMENT AGREEMENT FOR INTERIM CHIEF EXECUTIVE OFFICER (CEO)**

This Agreement, which is effective on the date it is fully executed, is between the MONTEREY BAY COMMUNITY POWER JOINT POWERS AUTHORITY, hereinafter called MBCP, and TOM HABASHI, hereinafter called EMPLOYEE. MBCP and EMPLOYEE are sometimes collectively referred to herein as the "PARTIES."

### **RECITALS**

This Agreement is entered into on the basis of the following facts, understandings and intention of the PARTIES:

1. MBCP was formed on February 21, 2017 as an independent joint powers authority duly organized under the provisions of the Joint Exercise of Powers Act of the State of California.
2. EMPLOYEE possesses the skill, experience, ability, background, and knowledge to perform the duties and services provided for in the scope of services. See **Attachment A** for MBCP (hereinafter "the project").
3. MBCP desires to enter into an agreement that provides stability for both the Interim CEO and MBCP for the term of the agreement.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual promises and conditions in this Agreement, it is agreed as follows:

1. **DUTIES AND AUTHORITY:** MBCP shall employ EMPLOYEE as the Interim CEO.
2. **TERM:** The term of this Agreement is September 1, 2017, through June 30, 2018. The Parties agree to extend the terms and conditions of this Agreement, and as reflected in any executed amendment hereto, until such time that a permanent Chief Executive Officer is hired or the Agreement is terminated.
3. **COMPENSATION:** In consideration for EMPLOYEE accomplishing said result, MBCP agrees to pay EMPLOYEE as follows: Payment shall be \$27,500 per month, processed for payment in full on the first day of the month for work performed during the prior month, starting October 1, 2017. One week prior to the start of the month, Employee shall submit an invoice describing the work progress during that month to the Operations Board Chair for approval. Such approval shall not be withheld without cause. EMPLOYEE shall also be provided a signing bonus of \$30,000 to be paid on September 1, 2017, upon submission of an invoice and completion of specified tasks prior to September 1, 2017. Payment of the signing bonus is contingent on the delivery of the MBCP Implementation Plan, development of the operational budget, process agreements to establish MBCP credit, and participation at Operations and Policy Board meetings. The work described herein and in Exhibit A shall be done in collaboration with consultants and advisors that Employee may recommend hiring from time to time. EMPLOYEE is an executive manager who is exempt from the Fair Labor Standards Act (FLSA).

4. **RESTRICTIONS ON OUTSIDE BUSINESS, ACTIVITIES, AND CONFLICTS:**

EMPLOYEE shall devote his full energies, interest, abilities, and productive time to the performance of this Agreement and shall not, without MBCP's prior written consent, tender services to others of any kind for compensation, or engage in any other business activity in excess of five (5) hours per calendar week. In addition EMPLOYEE shall not engage in any activity, for compensation or otherwise, that would interfere or conflict with the performance of his duties under this Agreement, including activities that may reasonably be expected to conflict with the CEO's duties.

5. **EVALUATION OF PERFORMANCE:** The Boards shall evaluate the performance of EMPLOYEE at or about six (6) months and annually if applicable for extensions of the term. Evaluations may be conducted more often at the Board's discretion. EMPLOYEE will request and schedule the minimum required evaluations as appropriate under the MBCP's agenda procedures or as otherwise directed by the Board.

6. **BENEFITS:** EMPLOYEE is not entitled to any employee benefits except that should MBCP acquire the ability to offer benefit packages, the Boards may consider amending this contract to include a benefit package.

7. **TRAVEL EXPENSES:** Costs associated with travel shall be reimbursed for reasonable out-of-pocket expenses incurred in connection with MBCP's business, including in state travel, food and lodging. Receipts for reimbursements shall be submitted to the Operations Chair Board for review and approval. Reimbursements will be compensated pursuant to the applicable state and federal per diems.

8. **AUTOMOBILE INSURANCE:** EMPLOYEE shall maintain Automobile Liability Insurance for each of his vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by CONTRACTOR'S employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage is required unless the EMPLOYEE does not drive a vehicle in conjunction with any part of the performance of this Contract and EMPLOYEE and MBCP both certify to this fact by initialing here / \_\_\_\_.

9. **TERMINATION OF AGREEMENT:**

A. **Termination by MBCP:** EMPLOYEE is employed at the pleasure of the Board, and is thus an at-will employee. The Board may terminate this Agreement with or without cause effective immediately. To the extent that the Board chooses to terminate the agreement without cause, MBCP shall compensate Employee for 2 months or \$55,000.

B. **Resignation:** EMPLOYEE may terminate this Agreement by giving MBCP at least 60 days (or more if possible) prior written notice. MBCP may accelerate the effective date of the resignation to any date after the receipt of written notice, or upon request may reduce the notice period at its discretion.

10. **NON-BINDING UNTIL APPROVED.** Regardless of whether this Agreement has been signed by all parties, this Agreement is not binding on any party until it has been approved by the MBCP Policy Board.

11. **MISCELLANEOUS.** This written Agreement, along with attachments, is the full and complete integration of the parties' agreement forming the basis for this Agreement. The parties agree that this written Agreement supersedes any previous written or oral agreements between the parties, and any modifications to this Agreement must be made in a written document signed by all parties. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal. Waiver by any party of any portion of this Agreement shall not constitute a waiver of any other portion thereof. Any arbitration, mediation, or litigation arising out of this Agreement shall occur only in the Monterey Bay Area, notwithstanding the fact that one of the contracting parties may reside outside of the area. This Agreement shall be governed by, and interpreted in accordance with, California law.

**SIGNATURES**

IN WITNESS WHEREOF, the PARTIES have executed this Agreement.

By: \_\_\_\_\_  
**TOM HABASHI**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
**CHAIRPERSON POLICY BOARD**

Date: \_\_\_\_\_

**Approved As To Form:**

By:  \_\_\_\_\_  
**INTERIM GENERAL COUNSEL**

Date: 7-3-17



## Staff Report Item 10

**TO:** MBCP Policy Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager

**SUBJECT:** Regular Meeting Schedule of the Policy Board

**DATE:** July 12, 2017

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### **Recommendation**

Receive report and adopt resolution regarding Policy Board Regular Meeting Schedule

### **Background**

At the first joint board meeting of the MBCP on May 3, 2017, Board members discussed the location, time and schedule of future Policy Board Meetings. Section 3.8 of the Monterey Bay Community Power Joint Powers Agreement states that the Policy Board shall hold up to three meetings per year, with the option for additional or special meetings, and that all meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act.

Based on the results of a recent poll we are recommending the Policy Board meet the second Wednesday of September 2017, December 2017, March 2018 and June 2018 at 9:00 at the Watsonville City Council Chambers, 275 Main Street, 4<sup>th</sup> Floor, Watsonville, CA 95076 pending availability of the meeting space. If there are no agenda items, the meeting will be cancelled. In order to meet the launch date of Spring 2018, additional meetings may be scheduled to achieve specific goals and meet certain deadlines. These meetings will also be conducted in accordance with the provisions of the Ralph M. Brown Act.

The purpose of this memo and the attached resolution is to provide your Board with an opportunity to approve the meeting date, time and location.



BEFORE THE POLICY BOARD OF  
MONTEREY BAY COMMUNITY POWER

RESOLUTION NO. 1-2017

On the motion of  
Duly seconded by  
The following resolution is adopted

RESOLUTION TO ESTABLISH REGULAR MEETINGS OF THE POLICY BOARD OF MBCP

WHEREAS, THE Monterey Bay Community Power ("Authority") was formed on February on 21, 2017 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in the Tri-County region of Santa Cruz, Monterey and San Benito Counties; and

WHEREAS, pursuant to Section 3.8 of the Monterey Bay Community Power Joint Powers Agreement, the Board of Directors of the Authority may fix, by resolution, the date upon which, and the hour and place at which, each regular meeting of the Authority Policy Board is to be held; and

WHEREAS, the Authority wishes to establish a regular meeting schedule by resolution; and

NOW, THEREFORE, the Policy Board of Directors of the Monterey Bay Community Power Authority does hereby resolve, determine, and order as follows:

The regular meetings of the Policy Board of Directors of Authority shall be held on the second Wednesday of September, December, March and June at 9:00 am, at the Watsonville City Council Chambers, 275 Main Street, 4<sup>th</sup> Floor, Watsonville, CA 95076.

PASSED AND ADOPTED by the Policy Board of Monterey Bay Community Power this 12<sup>th</sup> day of July, 2017 by the following vote:

AYES:           Member

NOES:           Member

ABSENT:        Member

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Chair, Policy Board of MBCP



## Staff Report Item 11

**TO:** MBCP Policy Board of Directors

**FROM:** Dana McRae, Interim General Counsel

**SUBJECT:** Meeting Procedure

**DATE:** July 12, 2017

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### **Recommendation**

Receive report and adopt resolution regarding meeting procedures.

### **Background**

At the first board meeting of the MBCP, Board members discussed items they would like to see on future agendas. Government Code Section 54954.2 provides:

No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

The purpose of this memo and the attached resolution is to provide your Board with an opportunity to adopt a procedure allowing members of your Board to request staff to provide factual information during a Board meeting, request staff to report back to the body at a subsequent meeting or direct staff to place a matter of business on a future agenda.

BEFORE THE POLICY BOARD OF  
MONTEREY BAY COMMUNITY POWER

RESOLUTION NO. 2-2017

On the motion of  
Duly seconded by  
The following resolution is adopted

RESOLUTION TO ESTABLISH CERTAIN MEETING PROCEDURES

WHEREAS, the Policy Board of Monterey Bay Community Power is a body subject to the Ralph M. Brown Act; and

WHEREAS, the Brown Act allows certain public meeting procedures to be used only if the body has adopted special procedures to that effect; and

WHEREAS, the purpose of this Resolution is to establish those procedures.

NOW, THEREFORE, BE IT RESOLVED BY THE POLICY BOARD OF MONTEREY BAY COMMUNITY POWER that:

During the course of a meeting of the Policy Board of Monterey Bay Community Power, a majority of the Policy Board, or the Policy Board itself, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

PASSED AND ADOPTED by the Policy Board of Monterey Bay Community Power this 12<sup>th</sup> day of July, 2017 by the following vote:

AYES: Member

NOES: Member

ABSENT: Member

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Chair, Policy Board of MBCP



## Staff Report Item 12

**TO:** MBCP Policy and Operations Board of Directors

**FROM:** Kirby Dusel, MBCP Technical Consultant, Pacific Energy Advisors, Inc.

**SUBJECT:** MBCP Implementation Plan Development

**DATE:** July 12, 2017

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### **Recommendation**

Receive staff's presentation regarding development of the MBCP Implementation Plan ("Plan") and provide feedback regarding key elements to be reflected in the Plan. Direct staff to draft the MBCP Implementation Plan & Statement of Intent and present such document for adoption at a future meeting of an MBCP Policy board.

### **Background**

The California Public Utilities Code ("Code"), Section 366.2(c)(3) requires any Community Choice Aggregator ("CCA"), or "Community Choice Energy" program, as referred to by certain communities, to "develop an implementation plan detailing the process and consequences of aggregation." As specified in the Code, each CCA's Plan must be "considered and adopted at a duly noticed public hearing" and must address certain topics relating to organization and operation of the prospective CCA program. Following preparation of its Plan, the CCA must file such Plan with the California Public Utilities Commission ("CPUC"), which is allowed ninety (90) days to certify receipt of the Plan and request any additional information that may be necessary to determine applicable exit fees for prospective customers of the CCA. To date, several CCA programs throughout the state have submitted Plans, which were subsequently certified by the CPUC. Such programs include Marin Clean Energy, Sonoma Clean Power, Peninsula Clean Energy, Silicon Valley Clean Energy and many others.

### **Analysis & Discussion:**

Development and certification of MBCP's Implementation Plan and Statement of Intent is a prerequisite to CCA customer enrollment and service commencement. Recently certified Plans of other California CCA programs have utilized a document template that significantly expedites Plan preparation while ensuring that requisite elements of the Plan, as specified in the Code, are satisfactorily addressed. Required elements of a CCA Plan include description of:

- An organizational structure of the program, its operations, and its funding;
- Rate setting and other costs to participants;
- Provisions for disclosure and due process in setting rates and allocating costs among participants;
- The methods for entering and terminating agreements with other entities;
- The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures;
- Termination of the program; and
- The third parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities.

In addition to these required elements, the Plan must also include a “statement of intent” indicating that the prospective CCA program will provide for:

- Universal access;
- Reliability;
- Equitable treatment of all classes of customers; and
- Any requirements established by state law or by the commission concerning aggregated service.

Several examples of statutorily responsive (certified) Plans are readily available, and staff recommends that MBCP’s governing boards consider utilizing a recently certified template to expedite preparation of the MBCP Plan and CPUC review. When reviewing such documents, it is particularly noteworthy that responsive Plans are not required to address all intended programs, tariff options, future programs/projects and other prospective elements of CCA operation – these are non-essential items that are more appropriately addressed just before CCA service commencement or after the CCA has established a successful operating history and has generated sufficient revenues to support ancillary/complementary programs and projects. Including such details would also require additional time and expense during document preparation and may contribute to an extended certification timeline by the CPUC.

For purposes of developing MBCP’s Plan, certain details will need to be specified/approved by the Policy Board to ensure the submittal of a complete and responsive Plan. In particular, details regarding MBCP’s membership, anticipated retail service offerings, rate setting policy, intended customer programs (without specific detail regarding the funding, administration and performance metrics associated with such programs), customer enrollment (phase-in) and organizational structure will need to be decided upon prior to Plan development. Note that the description of certain details (including rate-related policy and retail service offerings) should be clear, realistic and supportive of MBCP’s objectives but should also incorporate a reasonable amount of flexibility to allow for potential market, PG&E rate, and policy changes that may occur prior to launch.

Staff has identified several key areas of the Plan that will require guidance from MBCP’s governing boards and have prepared a related presentation to facilitate necessary discussion regarding these items.

In consideration of the 90-day review period that is provided for in the Code, staff recommends that MBCP adopt (via resolution) and file the Plan no later than early/mid-September 2017 to promote receipt of CPUC certification well in advance of MBCP's desired launch in Spring 2018.

Attachment A: Monterey Bay Community Power Implementation Plan Overview (Presentation)



# IMPLEMENTATION PLAN OVERVIEW

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MBCP Joint Board Meeting

July 12, 2017

# CCA Implementation Plan: Overview

## The iPlan is:

- A statutory requirement: Public Utilities Code, Section 366.2.(c)(3)
- Provides detail regarding process and consequences of aggregation
- A document that must be considered and adopted at a public hearing
- A document that must be submitted to (and certified by) the CPUC

## The iPlan is not:

- A detailed business plan for all intended programs of MBCP
- A detailed inventory of intended tariff options
- A description of future projects that may be developed/financed by MBCP



# Implementation Plan – What is required?

To meet pertinent requirements of the Public Utilities Code (Code), the iPlan must address the following elements:

- An organizational structure of the program, its operations, and its funding.
- Ratesetting and other costs to participants.
- Financing plan.
- Provisions for disclosure and due process in setting rates and allocating costs among participants.
- The methods for entering and terminating agreements with other entities.
- Description of third parties supplying electric supply and related services

# iPlan Contents & AB117 Compliance

| <b>AB 117 Requirement</b>  | <b>Implementation Plan Chapter*</b>   |
|--|---|
| Statement of Intent  | Chapter 1: Introduction   |
| Process and consequences of aggregation  | Chapter 2: Aggregation Process  |
| Organizational structure of the program, its operations and funding  | Chapter 3: Organizational Structure<br>Chapter 4: Startup Plan and Funding<br>Chapter 7: Financial Plan |
| Ratesetting and other costs to participants  | Chapter 8: Ratesetting<br>Chapter 9: Customer Rights and Responsibilities                               |
| Disclosure and due process in setting rates and allocating costs among participants  | Chapter 8: Ratesetting  |
| Methods for entering and terminating agreements with other entities  | Chapter 10: Procurement Process   |
| Participant rights and responsibilities  | Chapter 9: Customer Rights and Responsibilities   |
| Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities | Chapter 10: Procurement Process   |
| Termination of the program   | Chapter 11: Contingency Plan for Program Termination  |

\*Chapter numbers not reflected in this table provide ancillary information, not specifically required by AB117 but useful to MBCP during its initial planning efforts as well as the CPUC while completing its document review. For example, Chapter 5 addresses Program Phase-In; Chapter 6 addresses the topics of Load Forecast and Resource Plan.

# Implementation Plan – Key MBCP Decisions

- Before MBCP's Implementation Plan can be submitted to the CPUC, the following items must be decided upon and reflected in the iPlan:
  - Initial JPA Membership: which communities will be "in" at the time of phase-in?
  - General description of MBCP service offerings: default product, voluntary green pricing option(s), and others, if applicable
  - General description of MBCP's rate/pricing strategy: will MBCP generally match PG&E's then effective schedule of customer rates or will there be substantial, noteworthy differences?
  - Identification of customer programs: NEM, FIT, EE and others, if applicable
  - Customer enrollment: MBCP must articulate its general plan for customer enrollment (phases, schedule, targeted customer groups)
  - Description of MBCP's organizational structure: governance and management

# Key MBCP Decisions: Detail

- Retails Service Options
  - Define MBCP's default service offering (ex: minimum 60% renewable)
  - Define any voluntary service offering(s) (ex: 100% Green option)
  - Offering(s) should be characterized in a way that will ensure MBCP satisfies its objectives w/out compromising program launch; "pushing the needle" to high may result in unachievable outcomes if markets change
  - For example, MCE's iPlan (2010) noted minimum 25% renewable content at launch; SCP iPlan (2013) noted minimum 33% renewable content at launch
  - Both MCE and SCP specified 100% renewable tariff and NEM availability

# Key MBCP Decisions: Detail (continued)

- Rate Setting
  - Define MBCP's key rate setting principle(s):
    - Example 1: MBCP's rates for the default service option shall be at or below similar rates charged by PG&E at the time of program launch; and
    - Example 2: MBCP's available rate options/structures shall generally resemble rate options offered by PG&E (i.e., a customer currently served under PG&E's E-1 rate option will remain on a similarly structured rate option following the transition to MBCP service)
  - Key rate principles should be clear, realistic, supportive of MBCP's objectives but should also incorporate a reasonable amount of flexibility (in consideration of prospective market changes)
    - Example: a rate policy specifying that MBCP rates will always remain 5% below similar rates of the incumbent utility may compromise future program viability under certain market conditions
    - MBCP will offer the cleanest possible power supply while promoting rate competitiveness with PG&E
  - CARE, FERA and Medical Baseline programs will remain available to MBCP customers (with discounts applied via T&D rate adjustments)
  - Both MCE and SCP expressed a goal that default service rates would be generally equivalent (and possibly lower) than the comparable rate offered by PG&E

# Key MBCP Decisions: Detail (continued)

- Complementary Energy Programs
  - Identification of anticipated programs: energy efficiency, net energy metering and feed-in tariff; any others?
  - General characterization of program impacts to MBCP operations: load reduction, participatory limitations, etc.
  - Per Code, specific details of such programs are not required to be reflected in the iPlan – programmatic details can be described in specific tariffs, terms and conditions, etc.
  - Both MCE and SCP indicated:
    - That a NEM service option would be available for participating customers
    - That energy efficiency and demand reduction programs would be pursued, including projected load reductions associated with such programs
    - That local, distributed renewable resources would be supported through programs/tariffs of the aggregation program

# Key MBCP Decisions: Detail (continued)

- Program Phase-In
  - What is MBCP's financial capacity to support program launch: capital + credit
  - Other key phase-in considerations: 1) size (energy and customer count); 2) geographic representation; and 3) customer groups
  - Will MBCP's phase-in strategy be designed to promote overall financial performance, diverse customer inclusion and geographic representation... other considerations?
  - Certain phase-in strategies may yield improved early-state financial performance at the expense of broad customer representation
  - Both MCE and SCP identified three-phase implementation approaches with Board discretion to adjust phase-in options subject to various considerations (market pricing, availability of supply, etc.)

# Key MBCP Decisions: Detail (continued)

- MBCP Organization
  - Initial staffing
  - Identification of responsibilities
  - Outsourced functions/roles
  - MCE and SCP identified the following details:
    - General Manager/CEO would be appointed to oversee operations of the aggregation program
    - Staff and contractors would be engaged to support the GM/CEO in administering program operations
    - Committees could be formed to support specific areas of interest and decisions
    - SCP specified creation of Business Operations Committee and Ratepayer Advisory Committee
    - MCE retained discretion related to committee formation but noted that an Energy Commission might be formed (though this has yet to be done)



# Key MBCP Decisions: Detail (continued)

- Identification of prospective Energy Services Provider(s)
  - Supplier selection won't likely occur in advance of iPlan submittal
  - Description of RFP process and short-listed respondents should satisfy requirements of the Code (while ongoing negotiations and final supplier selection occurs)
  - MCE and SCP both generally described the solicitation/selection process that was utilized to identify qualified energy services providers
    - Identification of short-listed suppliers was included in the iPlan
    - High-level detail regarding supplier qualifications and financial standing (credit rating) was also included

# Key MBCP Decisions: Detail (continued)

- Pro Forma

- Definition of key inputs: membership, resource mix and financing requirements
- Run operating projections (in consideration of initial program operations) for inclusion in iPlan
- Both MCE and SCP provided pro forma financial projections in consideration of anticipated customer enrollment, operational expenditures, resource mix and other factors (Chapter 7 of iPlan)
- MCE and SCP also provided a summary of anticipated financing requirements during early-stage operations; each program also indicated the possibility of longer-term financing needs associated with direct project investment

# Other Important Considerations

- MBCP's pro forma operating projections were last updated in November 2016
  - PG&E generation rates and exit fees changed in January 2017 – approximate net 15% reduction in the average “rate to beat” for CCE customers
  - Wholesale energy markets continually fluctuate but remain favorable for buyers
  - PG&E's carbon-free resource mix continues to increase
    - 2016: 69% carbon-free
    - Ongoing CCE implementations generally increase PG&E's carbon-free resource mix
- MBCP should update its operating projections with current rate, membership, market and other information to ensure an informed understanding of prospective operating results at the time of launch

# Implementation Plan Timing

- The California Public Utilities Code allows for a 90-day review period by the CPUC
- Recent reviews have required less time
- Use of a previously certified iPlan template may expedite CPUC review
- July-early August 2017: update MBCP pro forma operating projections
- Mid-August 2017: communicate updated operating projections and resolve outstanding details to be reflected in MBCP iPlan
- Late August-early September 2017: Draft iPlan
- September 2017: Present and adopt (via resolution) MBCP's iPlan; submit to CPUC for certification
- December 2017: CPUC certifies MBCP iPlan

# Questions & Discussion



### **Staff Report Item 13**

**TO:** MBCP Policy and Operations Board of Directors

**FROM:** Carol Johnson, Administrative Services Manager

**SUBJECT:** Communications and Outreach Plan

**DATE:** July 12, 2017

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#### **Recommendation**

Receive report regarding Communications and Outreach Plan.

#### **Background**

Phase 1 of communications and outreach activities for Monterey Bay Community Power, lasting from 2013 through establishment of the MBCP JPA, included over 100 community meetings and presentations, approximately half of which took place in 2016 alone. Beginning in March 2016, funded by a state grant, the primary focus of communications and outreach efforts were stakeholders and decision makers across the region. In addition to community meetings and presentations, outreach strategies and activities included a survey of stakeholders, a web video, printed support materials, social media, local earned media and sponsorship of the Monterey Bay Regional Climate Action Compact 2016 Summit at CSUMB.

The goal of Phase 2, July through December 2017, is to reach consumers throughout the 19 member jurisdictions in advance of the launch of the enrollment phase. Strategies will be developed specifically to increase brand awareness; ensure consumers understand their choices; and communicate in both English and Spanish. Major activities are anticipated to include launch of a new website, updated printed materials, community events and tabling, social media, earned media and advertising. The project team anticipates further refinements to the Communications and Outreach Plan will take place in collaboration with the Interim CEO, with progress updates to be provided to the Operations Board.

**Strategic Planning**

|   |         |
|---|---------|
| Development of 12-month public outreach plan, revisions from team | Jul     |
| Strategic counsel, project planning and management                | Ongoing |

**Message Development & Branding**

|                                 |           |
|---------------------------------|-----------|
| Target messaging for enrollment | Jul – Aug |
| Development of sub-brands       | Nov – Dec |
| Call center scripting           | Dec       |

**Website**

|                                     |           |
|-------------------------------------|-----------|
| New bilingual website (current url) | Jul – Aug |
|-------------------------------------|-----------|

**Collateral & Giveaways**

|  |           |
|--|-----------|
| Handout (English/Spanish half-sheet – update and print)          | Jul – Aug |
| Fact sheet (English/Spanish – update and print on demand)        | Jul – Aug |
| Brochure (English/Spanish accordion brochure – update and print) | Jul – Aug |
| Giveaways  | Jul – Aug |

**Customer Notifications**

|   |           |
|---|-----------|
| Graphic design and content for four direct mail pieces (to be mailed in Feb, Mar, May, Jun) | Nov – Dec |
|---|-----------|

**Video**

|  |           |
|--|-----------|
| Updated web video for social media and presentations | Jul – Aug |
| TV ad/PSA in English (to air Spring 2018)            | Nov – Dec |
| TV ad/PSA in Spanish (to air Spring 2018)            | Nov – Dec |

**Radio Public Service Announcements (PSAs)**

|   |           |
|---|-----------|
| PSAs for stations in Monterey, San Benito and Santa Cruz counties | Aug – Sep |
|---|-----------|

**Social Media**

|  |         |
|--|---------|
| Development/management of Facebook and Instagram posts | Ongoing |
|--|---------|

**E-news**

|                               |         |
|-------------------------------|---------|
| Development of monthly e-news | Ongoing |
|-------------------------------|---------|

**Earned Media**

|   |               |
|---|---------------|
| Press releases highlighting project milestones and enrollment opportunities   | Aug, Oct, Dec |
| Local media engagement, prep of MBCP reps as needed and coordinate interviews | Aug, Oct, Dec |

**Advertising**

|  |         |
|--|---------|
| Digital, radio, print and bill inserts in Monterey, San Benito and Santa Cruz counties | Ongoing |
|--|---------|

**Community Outreach** (Farmer's markets, community events, etc.)

|   |         |
|---|---------|
| Tabling in Monterey, San Benito and Santa Cruz counties               | Ongoing |
| Third-party outreach partnerships (program ambassadors, Romero, etc). | Ongoing |
| Video recording of board meetings                                     | Ongoing |

**County Fair Sponsorships**

|            |                |
|------------|----------------|
| Monterey   | Aug 31 – Sep 4 |
| San Benito | Sep 28 – Oct 1 |
| Santa Cruz | Sep 13 – 17    |





## Staff Report Item 14

**TO:** MBCP Joint Policy and Operations Board of Directors

**FROM:** Shawn Marshall, Executive Director, LEAN Energy US

**SUBJECT:** Regulatory and Legislative Update

**DATE:** July 12, 2017

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**RECOMMENDATION:** Receive regulatory and legislative updates and provide feedback/direction as desired.

**BACKGROUND & DISCUSSION:**

Tracking and participating in regulatory proceedings at the CA public Utilities Commission (CPUC) is one of the most important aspects of forming and operating a CCA program. At present, LEAN Energy is providing regulatory monitoring and reporting on key regulatory issues affecting emergent CCAs. It provides each of its clients a monthly regulatory memo outlining priority proceedings at the CPUC. Cal-CCA, the newly formed statewide trade association in which MBCP recently became an affiliate member, also provides legislative support and reports for its members.

**Regulatory Proceedings/Priorities:** Attached please find LEAN's most recent regulatory memo (dated June 30, 2017) which provides a summary report and several links to supporting documents regarding key regulatory issues currently before the CPUC, including but not limited to:

- 1) CPUC/CEC En Banc regarding Retail Energy Choice in CA
- 2) PCIA/Exit Fee Reform (including PAM proposal)
- 3) Integrated Resource Plan - Compliance Requirements
- 4) CCA Bond Requirements
- 5) The Diablo Canyon Power Plant Closure
- 6) PG&E's General Rate Case, Phase 2 (proposed CCA fee reduction)
- 7) Time of Use Residential Rulemaking

**Legislative Report/Potential Actions**

Cal-CCA is a new California trade association representing the interests of California's community choice electricity providers in the legislature and at relevant regulatory agencies.



MBCP is now an affiliate member of Cal-CCA which is tracking over 40 bills with direct and indirect impact on current and future CCA programs. Attached please find Cal-CCA's most recent newsletter outlining key bills and recommended positions. Need to get this from Martha at Cal-CCA. These include:

SB 618 (Bradford) Integrated Resource Plan Requirements – Neutral

SB 100 (De Leon) CA Clean Energy Act 2017 - Support in Concept

AB 79 (Levine) Electric Generation GHG Accounting – Oppose unless Amended

AB 920 (Aguilar/Curry) CA Renewable Portfolio Standard Program – Oppose unless Amended

Attachments: LEAN Energy US Monthly Regulatory Report; Cal-CCA Newsletter



To: LEAN Energy Clients:  
Central Coast Clean Power (Santa Barbara County as lead)  
East Bay Community Energy  
Monterey Bay Community Power (Santa Cruz County as lead)  
Redwood Coast Energy Authority  
Silicon Valley Clean Energy  
Valley Clean Energy Alliance

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: June 30, 2017

Subject: Regulatory Update #12, June 2017

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Each month, LEAN focuses on the key regulatory activities likely to have broad impact on the Community Choice Aggregation (CCA) community and emergent CCA programs. This memo provides an update on key developments at the California Public Utilities Commission (CPUC) in the past month.<sup>1</sup>

## CPUC DEVELOPMENTS

### Joint CPUC / CEC En Banc Meeting: May 19th

#### **To Do:**

LEAN Energy will monitor any CPUC or California Energy Commission (CEC) developments that result from this *En Banc* hearing.

#### **Issues:**

As reported last month, the CPUC and CEC held a well-attended [En Banc hearing on May 19](#) with Commissioners of both agencies attending to discuss the changing state of retail electric choice in California. CPUC Staff issued a [white paper](#) prior to the meeting.

The Commissions note that by the end of this year, 40 percent of California's investor-owned utility (IOU) customers will be receiving some type of electricity service from an alternative source and/or provider, such as CCAs, rooftop solar, or Direct Access (DA) providers, noting further that this number is expected to grow to more than 80 percent by the middle of the next decade. The goal of this joint *En Banc* hearing was to identify and begin to develop an understanding of the challenges and opportunities that the CPUC and the CEC must address as a result of these changes. Notes from the *En Banc* hearing are available [here](#).

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<sup>1</sup> This monthly memo is designed to provide LEAN's clients with a current snapshot of key regulatory activities related to CCA in order to help them make informed decisions about whether and how to engage in regulatory processes during their program formation and early operations. This monthly report is not a comprehensive inventory of all the regulatory and statutory requirements impacting operational CCAs. Regulatory and statutory compliance requires a much more comprehensive inventory than the subset of activities described herein, and must be tailored to the specific circumstances of each CCA program.

On June 1, the CPUC [requested informal comments](#). Among others, the California Community Choice Association (CalCCA) filed [comments](#).

**Next Steps:**

- The CPUC and CEC will prepare and publish a report from the hearing, summarizing the range of comments on questions identified in the white paper, and summarizing the insights gleaned from comments.
- The CPUC intends to open a rulemaking to examine, and coordinate among other open proceedings, an examination of the future role(s), structure(s), fiscal and other functions of the three large California electric IOUs. LEAN will monitor this proceeding.

**KEY REGULATORY CASE DEVELOPMENTS**

**Power Charge Indifference Adjustment (PCIA) Working Group / Portfolio Allocation Methodology (PAM)**

**To Do:**

LEAN is monitoring both of these proceedings ([PAM/PCIA](#)).

**Issues:**

As previously reported, the IOUs filed a [Joint Application](#) with supporting [Testimony](#) for approval of their (PAM) proposal. Protests and responses to the PAM Application were filed on May 30. Here is a [summary of these protests and responses](#). CalCCA filed a [protest](#) as well as [a motion to dismiss](#). On June 9, the IOUs filed a [reply](#) to the protests and responses. As described below, the Commission dismissed the PAM application without prejudice as part of the Commission's [order instituting rulemaking](#) (OIR) to review the current PCIA framework.

On June 13, CalCCA filed a [Petition for Modification](#) of D. 11-07-028, regarding confidential PCIA data access for CCA employees. Responses to this Petition for Modification are due July 13.

At its June 29 meeting, the Commission adopted the PCIA OIR (see link above). Importantly, the OIR dismisses the IOUs' PAM application, with the IOUs being given an opportunity to resubmit their PAM proposal as part of the rulemaking proceeding. The topics for consideration in this rulemaking include:

- Improving the transparency of the existing PCIA process;
- Revising the current PCIA methodology to increase stability and certainty;
- Reviewing specific issues related to inputs and calculations for the current PCIA methodology;
- Considering alternatives to the PCIA.
- SB 350 considerations on the treatment of bundled retail customers and departing load customers
- Status of PCIA exemptions for CARE and Medical Baseline customers

**Next Steps:**

- LEAN will report on next steps once the Commission responds to the PCIA working group report.
- Comments from Respondents on the PCIA OIR issues will be due in late-July. All CCAs are named as Respondents in the OIR, and therefore each has an obligation to file comments (but they may do so jointly if desired).

**Integrated Resource Planning (IRP)****To Do:**

LEAN is monitoring [this proceeding](#). Consider forming a working group to address CCA IRP issues.

**Issues:**

This rulemaking is designed to address the new IRP requirements associated with SB 350, as well as continue long-term procurement planning (LTPP) policies.

On May 16, the Energy Division issued [their proposal](#) on the IRP planning process. Also on May 16, a [ruling](#) was issued seeking comments on and responses to questions regarding this proposal. It appears that the Energy Division is proposing an extremely prescriptive approach with respect to the IRP process, with significant requirements on Community Choice Aggregators serving 700 GWh or more per year in electric load. Importantly, Community Choice Aggregators serving less than 700 GWh per year are subjected to far fewer requirements under the Energy Division proposal. On June 13, a [ruling](#) extending the deadline for comments on the staff proposal, modifying the schedule, and clarifying questions was issued. On June 28, CalCCA submitted comments on the Staff Proposal, urging the Commission to adopt a less-prescriptive approach for larger Community Choice Aggregators (those serving 700 GWh or more of load annually).

**Next Steps:**

- Reply comments on the Staff Proposal are now due July 12, 2017.
- A Proposed Decision adopting guidance for the 2017 IRP filings is still expected in August of this year.

**CCA Bond Requirements****To Do:**

LEAN will continue to monitor [this proceeding](#). CCA parties are gathering to collectively discuss options and possible proposals.

**Issues:**

This rulemaking was opened in 2013 to implement AB 117. However, this rulemaking is now addressing the methodology for setting the CCA Bond, which is intended to cover the costs of involuntary re-entry fees of CCA customers to bundled IOU service. On June 19, a [ruling](#) regarding extension of time was issued and the schedule was modified to reflect the below schedule.

**Next Steps:**

| EVENT                              | DATE                |
|------------------------------------|---------------------|
| Opening Testimony/Proposals served | July 28, 2017       |
| Rebuttal Testimony served          | August 25, 2017     |
| Evidentiary Hearings               | October 11-12, 2017 |
| Post-hearing Briefs                | TBD after hearings  |
| Post-hearing reply Briefs          | TBD after hearings  |

**Renewable Portfolio Standard (RPS)-Procurement Plans**

**To Do:**

LEAN will continue to monitor [this proceeding](#).

**Issues:**

This proceeding addresses ongoing oversight of the RPS program, including review of procurement plans, tools for analysis of and reporting on progress of retail sellers, assessment of compliance, legislative mandates and administrative requirements. On May 26, a [ruling](#) that details the requirements for CCA 2017 RPS Procurement Plans was issued. Though the requirements are fairly similar to those included last year, there are some notable changes, including:

- (1) All current CCAs and any CCAs that intend to procure for 2017 and 2018 must now file plans.
- (2) The ruling now requests that CCAs include additional cost quantification information in their plans and includes [a table with the additional information requested](#). The ruling is unclear as to whether this additional information is mandatory, since the ruling later states that CCAs are “invited” to provide this information.
- (3) The ruling seeks comment on a Renewable Auction Mechanism (RAM) proposal that directs each IOU to identify at least two specific locations where renewable resources can be interconnected to increase renewable utilization, and also solicit at least 20 MW of one or more resource types.

On June 19, [comments](#) were filed by CCA parties on the requirements for RPS procurement plans and on the proposed requirement that IOUs commit to more renewable energy purchases (RAM Proposal). Also on June 19, a [ruling](#) was issued partially granting the IOUs’ request for an extension of time to submit RPS procurement plans. The new schedule is as follows.

**Next Steps:**

- Reply comments on the RPS ruling are still due June 30.
- RPS Procurement Plans are now due July 21.
- Comments on the RPS Procurement Plans are due August 18.
- Reply comments on the RPS Procurement Plans are due September 1.
- Motions for evidentiary hearings are due September 1.
- Motions to update RPS Procurement Plans are due September 22.

## PG&E's Diablo Canyon Power Plant Closure

### **To Do:**

LEAN will continue to monitor [this proceeding](#).

### **Issues:**

On May 23, PG&E and numerous ratepayer advocate and environmental groups filed a [Joint Motion](#) to approve a settlement agreement regarding cost recovery for PG&E's license renewal project and other future Diablo-related projects. Other issues remain open.

Opening briefs were submitted on May 26: [Joint Opponents/CCAs](#), [PG&E](#), [City and County of San Francisco](#).

Reply Briefs were filed on June 16: [Joint Opponents](#), [PG&E](#), and [City and County of San Francisco](#). This matter is now submitted for preparation of a Proposed Decision, which is expected to be issued in late-August.

### **Next Steps:**

LEAN will continue to monitor [this proceeding](#).

## SDG&E Request to Establish a Marketing Affiliate (Advice Letter 2822-E)

### **To Do:**

No change since last month. LEAN will continue to monitor activity related to this matter.

### **Issue:**

On January 27<sup>th</sup>, SDG&E filed a revised compliance plan [Advice Letter 3035](#) for its Independent Marketing Division (IMD). On February 16<sup>th</sup>, LEAN joined with other parties in [protesting](#) this latest advice letter. On April 6, the Energy Division issued a [Disposition Letter](#) approving AL 3035. On April 17, the CalCCA sent a [letter](#) to the Commission requesting full Commission review of the Disposition Letter, and reiterating an earlier request for an Order to Show Cause regarding lobbying activity that SDG&E/Sempra conducted before the Advice Letter was approved. CalCCA's request, however, does not suspend the effectiveness of the Energy Division's approval.

**Next Steps:** The CPUC's Energy Division will prepare a draft resolution addressing CalCCA's request for full Commission review of disposition letter. Separately, the CPUC's Legal Division is preparing a decision responding to SDG&E's application for rehearing of Resolution E-4874, which determined that SDG&E's IMD is also subject to the CPUC's affiliate transaction rules.

## Tree Mortality Nonbypassable Charge

### **To Do:**

LEAN is monitoring [this proceeding](#).

**Issues:**

The IOUs filed their proposal to establish a Tree Mortality Nonbypassable Charge in A.16-11-005. On June 9, a [ruling](#) set a prehearing conference for June 23. The IOUs submitted a [prehearing conference statement](#).

**Next Steps:**

- We are still awaiting a ruling establishing the scope of issues and possibly a hearings schedule.
- LEAN will continue to monitor developments and advise accordingly.

**Proposed CCA Fee Reduction - PG&E General Rate Case (GRC) Phase 2****To Do:**

LEAN is monitoring [this proceeding](#). Consider intervening in this case.

**Issues:**

PG&E's Phase 2 Application is used to determine where the revenue requirement will be allocated among all customer classes and where new rate designs will be considered. On June 22, PG&E filed the [Fourth Settlement Status Report](#).

The earliest that rates are expected to change from this proceeding is 2018. However, several parties are pursuing early implementation of CCA service fee reductions. PG&E has proposed significant reductions in the Meter Data Management Fee (going from \$7.67 to \$0.14 per meter/month charge) and the Billing Service Fee (going from either \$0.44 or \$1.14, depending on whether it is bill-ready or rate-ready, to \$0.21 per service agreement/billing cycle). SCE is also considering significant reductions in its CCA service fees as part of a pending request in SCE's GRC1 to approve a [settlement agreement](#) with the city of Lancaster.

**Next Steps:**

LEAN will continue to monitor this proceeding.

**Default TOU and ME&O-Residential Rate Rulemaking****To Do:**

LEAN will monitor developments in [this proceeding](#) and advise accordingly.

**Issues:**

On April 14, SCE filed an [Application and Testimony](#) to approve its Default TOU rates for residential customers. Under SCE's proposal, a limited number of customers would be put on TOU rates starting in the fourth quarter of 2018.

Also on April 14, a ruling was issued accelerating consideration of implementing the statewide marketing education and outreach (ME&O) for the TOU rollout and inviting comments regarding an ME&O consultant. CCA parties filed [comments](#) emphasizing the need to apply certain ME&O costs through generation rates, instead of solely through distribution rates. PG&E filed [reply comments](#) objecting to inclusion of ME&O costs in generation rates and stating that this issue should only be addressed in the context of General Rate Cases.

On May 8, PG&E filed supplemental [AL 4979-E-C](#), which modifies one of its proposed Default Pilot rates by extending the

peak period to weekends and holidays.

***Next Steps:***

The CPUC will be issuing a draft resolution in the coming weeks that addresses PG&E's proposed Default Pilot program. CCA parties have expressed concern about PG&E's lack of progress in providing a comparable bill-calculator for CCA customers, and CCA parties are hoping to have this issue addressed in the final resolution.



## From the Board President, Barbara Hale:

It's official – CalCCA's annual member meeting will be held Wednesday, October 4th in Lancaster or Ontario, California. CalCCA plans to deliver an information-packed day covering CCA formation and best operating practices, updates on current regulatory and legislative matters, and reinvestment locally with programs that address economic, social and environmental justice goals, to name a few. Further details will be released this summer. Please plan to join us.

CalCCA has been rapidly developing as a statewide association and is soon to celebrate our first official year of operation. We now consist of eight Operational Members who also serve as the Board of Directors; eight Affiliate Members including seven counties, and numerous cities, and special districts; and seventeen business Partners. As our membership continues to grow and diversify, so does our collective strength and influence. Thank you for your support and collaboration as we speak to the State with a unified voice, transforming our individual communities.

Our partnership is our strength.

Sincerely,

Barbara Hale, CalCCA Board President, CleanPowerSF



*CalCCA Board at Business of Local Energy Symposium on May 5, 2017. L to R: Cathy DeFalco (LCE), Joseph Moon (AVCE), Matthew Marshall (RCEA), Dawn Weisz (MCE), Geof Syphers (SCP), Jan Pepper (PCE), Tom Habashi (SVCE), and Barbara Hale (CPSF).*

## CalCCA Regulatory Update

### Power Charge Indifference Adjustment (PCIA) and Portfolio Allocation Mechanism (PAM)

The PCIA working group came to a close, resulting in a joint Petition for Modification to provide data relevant to PCIA forecasting in a standardized format. CalCCA is also submitting a second Petition for Modification to request expanded access to confidential IOU contract data for CCA employees not engaged in market activities. Access to this information is expected to shed light on how the PCIA value is calculated and make it easier to forecast future PCIA fluctuations.

On April 25th, Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company submitted a joint Application (A. 17-04-018) to the CPUC to establish the Portfolio Allocation Mechanism (PAM) to calculate the unavoidable above market costs of utility procurement commitments, and the Portfolio Allocation Charge (PAC) to recover those costs. The PAM and PAC are a proposed alternative to the PCIA, and would result in significant cost increases to CCA customers. The proposal would allocate

*(Continues on next page)*

## Upcoming Events

*CalCCA Annual Member Meeting:*  
October 4, 2017 – Lancaster or Ontario, CA

*Energy Storage North America:*  
August 8-10, 2017 – San Diego, CA

<https://goo.gl/R2YHBn>

Discount code: ESNANOW

## CalCCA Featured Partner

THE  
**BAYSHORE**  
CONSULTING GROUP, INC.

Bayshore Consulting Group, Inc. was the first entity to join CalCCA as a Partner in early 2017! Located in Southern California, Bayshore provides CCA implementation and operational support and municipal administration and financial management services to local governments.

You can learn more about their work

at [www.bayshorecgi.com](http://www.bayshorecgi.com).

energy capacity benefits and costs, based on actual market results, in proportion to a CCA's load. CalCCA filed a Protest and Motion to Dismiss to the Application on May 30th and will be taking an active role in the proceeding going forward.

### **CCA Bond Rulemaking (R.03-10-003)**

On April 5th, the CPUC held a workshop to discuss the methodology for calculating the bond amount that must be posted by new CCAs. Comments were filed by the joint CCA parties afterwards, and CalCCA expects to submit testimony on the subject before the July 7th deadline.

### **Integrated Resource Planning (R. 16-02-007)**

On May 17th, the CPUC Energy Division staff released their Proposal for Implementing Integrated Resource Planning at the CPUC. This staff proposal outlines a vision for how the IRP requirements set by SB 350 could be implemented. The proposal covers reporting requirements for the Integrated Resource Plans that CCAs and other LSEs must file at the CPUC, and how the CPUC staff would blend these individual plans into a final planning product ("Preferred System Plan"). IRP reporting requirements would differ by CCA size, with CCAs having less than 700 GWh of annual demand subject to less stringent requirements. CalCCA is evaluating this proposal and preparing its approach to the comments that are due June 14th.

### **Diablo Canyon Closure (A.16-08-006)**

PG&E's proposal for procuring replacement capacity for the Diablo Canyon nuclear facility drew formal opposition from customers, CCAs, and others for its failure to acknowledge increasing load departure and its potential violation of least-cost principles. Earlier this spring, PG&E withdrew its testimony proposing replacement capacity through procurement of more renewable energy and storage. On April 19-28th, evidentiary hearings were held on PG&E's remaining proposal to increase its energy efficiency activities. Joint opposition parties, including several CalCCA members, participated in the hearings and are filing an opening brief asking the CPUC to reject tranche 1 on similar grounds.

### **Retail Choice En Banc**

On May 19th, the CPUC and CEC held a joint En Banc Hearing to discuss the future of retail choice and retail energy market structure in California. The hearing was a robust discussion that contextualized CCA issues within the broader shifts and questions confronting California energy regulators and industry practitioners. See more by clicking [here](#). ■

## **CalCCA Legislative Update**

### **SB 618 (Bradford – Load-serving entities: integrated resource plans)**

#### **CalCCA Position: Neutral (previously oppose)**

SB 618 would have restricted local control over CCA's Integrated Resource Planning (IRP) by giving the CPUC authority to approve those plans instead of certify them, as is currently required by law. CalCCA heavily opposed and successfully lobbied against the bill by having its major provisions removed in the Senate Energy, Utilities, and Communications Committee.

### **SB 100 (De Leon – California Clean Energy Act 2017)**

#### **CalCCA Position: Support in concept**

SB 100 is President Pro Tempore Kevin De León's Energy bill which, among other things, establishes an aspirational goal of 100 percent renewable energy by 2045 and expands the existing Renewable Portfolio Standard to 60% renewable energy by 2030. CalCCA took a support in concept position and is engaging with the Pro Tem's office to voice concerns.

### **AB 79 (Levine – Electrical generation: greenhouse gas accounting)**

#### **CalCCA Position: Oppose**

The bill would require new reporting for all unspecified sources of power consumed within the state – from sources inside and outside California. CalCCA is working with the author's office to modify potential hourly reporting requirements.

### **AB 920 (Aguilar-Curry – California Renewables Portfolio Standard Program)**

#### **CalCCA Position: Oppose Unless Amended**

AB 920 currently requires that the California Public Utilities Commission ensure that each entity that submits an IRP must have a diverse mix of energy resource and a well-balanced portfolio. This requirement raises local governance issues and CalCCA is working with the authors in order to ensure local governance is protected. ■