



**MINUTES
CARSON CITY COUNCIL
SPECIAL MEETING
AUGUST 14, 2018**

11:00 A.M.

CALL TO ORDER:

The meeting was called to order at 11:22 A.M., by Mayor Albert Robles in the Helen Kawagoe Council Chambers, Carson City Hall, located at 701 E. Carson Street, Carson, California 90745.

ROLL CALL: Deputy City Clerk Joy Simarago noted the following:

Council Members Present: Mayor Albert Robles, Mayor Pro Tem Jawane Hilton, Council Member Elito Santarina, Council Member Lula Davis-Holmes (Entered at 11:25 A.M.), and Council Member Cedric Hicks

Other Elected Officials Present: Monica Cooper, City Treasurer

Also Present:

Brian Wright-Bushman, Assistant City Attorney; Kenneth C. Farfsing, City Manager; John Raymond, Assistant City Manager; David Roberts, Assistant City Manager; Kathryn Downs, Director of Finance; Maria Williams-Slaughter, Director of Public Works; Joy Simarago, Deputy City Clerk; and Glenn Turner, Computer Systems Support Technician

ORAL COMMUNICATIONS FOR MATTERS LISTED ON THE AGENDA (MEMBERS OF THE PUBLIC)

This item was heard at 12:51 P.M.

Dr. Rita Boggs

Offered comments in support of item.

Dianne Thomas

Offered comments in support of item.

(Mayor Pro Tem Hilton exited and reentered the meeting.)

WORKSHOP:

Item No. 1. 2018-622 CITY COUNCIL WORKSHOP TO CONSIDER THE MERITS OF ENTERING INTO AN ENERGY SERVICES CONTRACT AND GRANT FROM THE CALIFORNIA ENERGY COMMISSION TO DEVELOP SOLAR POWER, BATTERY STORAGE, ELECTRICAL VEHICLE CHARGING STATIONS AND ENERGY CONSERVATION PROJECTS IN THE CIVIC CENTER AND SEVERAL CITY PARKS ("NET ZERO" ENERGY PROJECT)

Recommendation: CONVENE the public workshop.

ACTION: The workshop was held and directions given to staff and project developers as follows:

David Bliss provided binders (information packet) to the Mayor and Council Members.

(Mayor Pro Tem Hilton exited the meeting.)

(Mayor Robles exited the meeting.)

(Mayor Pro Tem Hilton reentered the meeting.)

(Council Member Davis-Holmes entered and exited the meeting.)

David Bliss provided a Powerpoint presentation as follows and noted the presentation was available in the information packet he provided to the Mayor and Council Members:

(Mayor Robles reentered the meeting.)

(Council Member Davis-Holmes reentered the meeting.)

- Results for Carson with Zero Initial Capital
- Larger Objectives
- CEC Objectives
- High Likelihood of Winning Grant
- Carson Characteristics
- Proposed Project Summary
- Is This Feasible?
- Are Designs Sufficiently Mature
- Can this Team Execute
- Is it Valuable for the City?
- Efficiency Measures: LED Lighting and New Chillers
- City Hall and Community Center HVAC
- Solar, Batteries, EVSE

- Quality of Suppliers and Team Members
- Engineered Designs
- Southern California Edison
- Example of Comprehensive Designs Community Center PV and Electrical
- Community Center Structural
- Examples of Completed Designs: City Hall-Solar and Electrical
- City Hall Structural
- Ability to Execute-Kaiser Permanente
- Kaiser Performance

David Bliss introduced Ken McCauley, Director, 127 Energy, who continued the Powerpoint presentation as follows:

- Solar, Energy Storage and Efficiency Performance Topics
- Power Purchase Agreement (PPA) Pricing – Option 1 and Option 2
- Level Set – Terms and Acronyms
- Project Examples – Alcatraz Microgrid, Containerized System, 1MW/2MWh @ Tesla Fremont
- Deptford Township School District Deptford, NJ
- PV & Energy Storage Benefits
- Project thoughts to make it right

David Bliss continued the Powerpoint presentation as follows:

- Financial Analyses
- Independent Analysis (Sunpower)
- What About Community Power Alliance (CPA)???
- Impact of Tariffs – Demand
- Non-Economic Advantages
- Maturity of Project
- Project Schedule – Overview
- Recall the “Criteria to Proceed”
- CEC Schedule and Next Steps
- About Charge Bliss

David Bliss noted there were individuals in the audience who are available to speak to their particular issues.

Assistant City Manager Raymond provided a copy of the city’s Powerpoint presentation to the Mayor, Council Members, staff and developer.

City Manager Farfsing provided a brief staff report and provided a Powerpoint presentation of the Consideration of Charge Bliss-127 Energy Project as follows:

- City Presentation Outline
- Major Goals of the Project
- Basic Case
- Current Energy Costs for Selected Facilities
- Conservation Package

City Manager Farfsing introduced Jai Agaram, financial independent consultant hired by the city, who continued the Powerpoint presentation as follows:

- “Business as Usual” Case
- “Business as Usual” Assumptions
- Financial Assumptions
- Basic Understanding of Project Proposals
- Basic Understanding of How the PV/Battery Project Works – Using an Example
- Comparing Demand vs. PV Generation for City Hall (August 10)
- Assumptions for City-Proposed Project
- Business as Usual Cash Flow
- BWP Cash Flow (Expected Case @0.0817/kWh)
- What Can Go Wrong with Estimated Demand Savings?
- Expected Case

Jai Agaram noted the Council has two decisions to make: 1) Is the project worthwhile to proceed? and 2) What option is the best?

Representative from energy industry offered comments regarding Southern California Edison rebate programs.

David Bliss explained the submission process with Southern California Edison (SCE) and he would request letter of support. He referred to the City’s Annual Energy Cost Comparison graph which is not accurate and discussed the net present cost/net present value idea.

Council Member Hicks referred to the slide that was presented earlier in which the city had surplus during peak time. He inquired who is the owner of the surplus and if sold to purchaser of energy who receives the funds.

David Bliss discussed the tariff aggregation and bill credits.

Council Member Hicks inquired about the process of kilowatt hours over time and when does it stop.

Representative Ken McCaully discussed different scenarios with investment and without investment.

Assistant City Attorney Brian Wright-Bushman noted if rate starts at 8 cents per kilowatt hour then escalator is 1.5% per year for 20 years and if rate starts at 14 cents per kilowatt then the escalator is 1% per year for 25 years.

(Mayor Robles exited the meeting.)

(Council Member Santarina exited the meeting.)

(Mayor Robles reentered the meeting.)

David Bliss noted energy costs are close between community choice aggregate (CCA) and SCE; referred to community power alliance (CPA) document of the breakdown of tariffs they provided in their presentation.

Discussion ensued regarding CCA rates.

Mayor Pro Tem Hilton noted the clean power line rate are still in negotiation and have not locked in rates; only county facilities taken by CPA; City has not been impacted.

David Bliss noted CCA addresses only energy costs and discussed demand charges.

(Mayor Pro Tem Hilton exited the meeting.)

(Council Member Santarina reentered the meeting.)

(Council Member Santarina exited the meeting.)

Jai Agaram discussed the generation charge component and delivery charges; when excess power produced, the City is still responsible for potential distribution charges; what is the right thing to do and make it based on who is paying bill the next 20 years.

(Mayor Pro Tem Hilton reentered the meeting.)

(Council Member Santarina reentered the meeting.)

At 1:02 P.M. after Oral Communications, continued workshop.

Council Member Davis-Holmes requested Jai Agaram to address the technical and unresolved issues.

Assistant City Attorney Brian Wright-Bushman addressed the following technical issues. 1) Quality of the proposed EV chargers - understanding that there are two kinds of chargers proposed; four in Community Center parking lot; 36 throughout the parks. Charge Bliss has not specified the kind of charger but set parameters for what kind of chargers depending on cost not to exceed budget for actual EV chargers; need to provide direction to Charge Bliss on the City's request, and 2) Incentives and rebates - understanding all incentives and rebates

environmental attributes basically incentives or benefits the city receives for doing energy efficiency type projects will go to the owner of the equipment which will be 127 Energy or affiliate Carson Solar 10.

Jai Agaram noted he understood the proposal from Charge Bliss that they are to receive incentives/credits; rate proposal renewable energy credits will go to the developer.

Mayor Robles inquired about the cash rebates or tax benefits/credits.

Representative discussed investor return; credits are just theory and no market to trade them; no value at this time.

Assistant City Attorney Wright-Bushman noted a plan to restructure project if financial issue arise; can move forward with project without increasing budget.

Council Member Davis-Holmes inquired about the budget.

Assistant City Attorney Wright-Bushman stated the budget will be reallocated without increasing the budget and will be set in the proposal Charge Bliss is finalizing.

Council Member Davis-Holmes expressed concern of unresolved issues.

Assistant City Attorney Wright-Bushman stated issue has been resolved subject to Council approval and can move forward with project; if costs in excess then will restructure. He discussed options.

(Council Member Santarina exited the meeting.)

(Mayor Robles exited and reentered the meeting.)

Director Williams-Slaughter noted concerns with the drawings. Citing Los Angeles County reviewed the drawings but still need information in terms of ADA compliance and application of the structures. She explained if proceeding with 14 cent option and Charge Bliss or 127 Energy owns the equipment, replacing outdated chillers and other equipment with higher efficiency equipment, City will be eligible for rebates which will go to Charge Bliss.

City Manager Farfsing noted would rather take care of the chillers project. There are no plans and specifications developed for the outdated chillers.

David Bliss noted the utility incentives are modeled to benefit the City.

Council Member Davis-Holmes inquired if it is in writing to receive chillers and rebates.

Assistant City Attorney Wright-Bushman understood only what is in the power purchase agreement (PPA) which only covers the solar and batteries. The bundle of incentives, rebates, and credits related to solar panels and batteries does not come to the city. He noted it was

brought to his attention this evening by Charge Bliss that the rebates and credits related to chillers and LEDs would come to the city.

Director Williams-Slaughter noted she has not seen in the PPA any reference to the chillers and LEDs.

David Bliss noted the PPA addresses solar and batteries; he asked the city to sign the PPA for solar, batteries and related controls. In addition, he asked for a memorandum of understanding to address all other issues in the project. He referred to a commitment letter from city to the California Energy Commission (CEC) to proceed with project; emphasized the PPA and all documents Director Williams-Slaughter referred to around rebates and credits are solely expressed with respect to the solar and batteries. All credits, rebates and potential financial benefits would come from the new chillers and LED lighting accrued at 100% to the city and will be donated to city as soon as they are built.

Council Member Davis-Holmes stated overall project cost remains to be an issue including the viability of using union labor via project labor agreement (PLA) for installation of equipment.

Director Williams-Slaughter stated based on communication with Charge Bliss hiring contractors her understanding is that union labor will not be used to complete the projects.

David Bliss stated CEC does not fund union labor but have provided written advise to them that they consider calling union labor for grant purposes; they require document of prevailing wage payment. He noted the team comprised in phase 1 must be the same team in Phase 2; and there is an exclusion in the PLA projects done on city property but not done by City. Since the City is not paying for the project, the PLA does not cover which is an allowable exception to the PLA.

Assistant City Attorney Wright-Bushman stated he understood that the PLA will not be in place at the time of construction when project is done.

Council Member Davis-Holmes inquired about the \$400,000 in management costs.

Assistant City Attorney Wright-Bushman noted staff believes it will be \$400,000 construction management costs incurred if city chooses to install LEDs and the chillers; staff recommend money be moved from project budget. The original project budget included the installation of chillers and LEDs and presumably included the cost of managing those projects. Staff suggested if work shifted to the city, the \$400,000 construction management costs should be shifted from the project budget to the city to cover management costs. If not done then staff believes there will be an additional \$400,000 incurred by the city for the construction management costs.

Jai Agaram discussed cost components and \$400,000 transferred to City.

City Manager Farfsing noted a transfer through a grant.

David Bliss discussed the grant process, \$400,000 shift, and needs direction from the City.

Mayor Pro Tem Hilton suggested Director Williams-Slaughter and Civil Engineering Assistant Reata Kulcsar schedule time with the Mayor and Council members before the next Council meeting.

Council Member Hicks referred to letter received in March 2018, and inquired if all 14 outstanding items were brought to the attention to staff.

City Manager Farfsing noted items in question such as the EV chargers and asked Charge Bliss to be sensitive to city concerns which they have not.

Council Member Hicks referred to information packet from Charge Bliss regarding the \$19,339,336 on the proposed budget from Charge Bliss - \$10,000,000 from grant and the remainder from investors.

David Bliss noted donations of the fast EV chargers from plug share, which equates to a discount of \$300,000. The remainder will come from investors.

Council Member Hicks referred to the outstanding items on the list and inquired if document received considered shelf ready drawings.

City Manager Farfsing noted the Los Angeles County plan checker looked at drawings but needed corrections; no structural changes. The CEC is not requiring structural; requirements have been changing; could not issue permits to build; no plans for the change chillers.

Council Member Hicks referred to Dominguez and Carson Parks that had a roof mounted on the buildings and carports installed at parks which he was not aware of the projects.

City Manager Farfsing noted discussion ongoing at the staff level.

Council Member Hicks stated committee members Hicks and Davis-Holmes were not given information on staff recommendation to make an informed decision.

David Bliss noted structural drawings were provided to staff.

City Manager Farfsing noted the information provided in the binder is what was reviewed.

David Bliss concluded his comments as follows: 1) Need to approve PPA to move forward with project; 2) 36 Smart Level 2 EV chargers will be distributed throughout the parks and main city campus; 3) Four ultrafast DC chargers; 4) Drawings are with the city and have not seen objections in writing and would like to see in writing any specific objections - ADA objections can be fixed but need to know; 5) Noted photovoltaic (PV) esthetics changes to the poles to city liking the wrapping will decay over time and costly to maintain, therefore, stopped work; 6) Showed sample pictures and can show videos of canopies and their functions; 7) Comprehensive plans for chillers have been submitted; 8) Attempted to provide as much

comprehensive information in the binder; 9) Working diligently with Ken McCaully and Assistant City Attorney Brian Wright-Bushman; and 10) Request list from staff.

Mayor Robles stated he would provide a copy of the letter/list with highlighted areas for him to address. He requested David Bliss provide the following at the next Council meeting: 1) List of outstanding open items; 2) Receipt that he delivered drawings to the city; and 3) Copies of emails he provided to the city thus far.

Council Member Davis-Holmes requested David Bliss address the legal provisions in the PPA.

Assistant City Attorney Wright-Bushman noted that some of the legal issues may need further negotiations.

Mayor Robles instructed Assistant City Attorney Wright-Bushman to send David Bliss an email regarding items that need to be resolved and negotiated. Then David Bliss will provide in printed form during the next City Council meeting on Tuesday, August 21, 2018.

David Bliss inquired how much time they are allowed to make their presentation at the next City Council meeting. Mayor Robles noted for 20 minutes and in writing in advance.

David Bliss inquired if Mayor and City Council Members received the email he sent last Friday which Council Member Davis-Holmes, Council Member Hicks and Assistant City Attorney Wright-Bushman acknowledged receipt.

Mayor Robles advised David Bliss to also send any correspondences to City Manager Farfsing, Assistant City Manager Raymond and Assistant City Attorney Wright-Bushman.

David Bliss requested staff to provide him with all points of discussion and intentions from this meeting which staff confirmed.

Council Member Davis-Holmes instructed staff to prepare their recommendations and have a Plan B in place.

David Bliss inquired if the Mayor and Council would like to hear or require any documentation from Primary Resources to let them know in writing. Mayor Robles stated if he had any questions on the city's presentation to also let them know.

David Bliss noted that he and his colleagues submitted plans to the City with no receipt provided.

Mayor Robles inquired about the process of submission of plans.

City Manager Farfsing stated he would confirm with Civil Engineering Assistant Reata Kulcsar regarding receipt of drawings submitted by David Bliss.

David Bliss noted correspondences submitted to the Mayor, City Council and staff. Mayor Robles requested that he bring them next Tuesday.

ADJOURNMENT

The meeting was adjourned at 1:43 P.M. by Mayor Robles.

Mayor Albert Robles

ATTEST:

City Clerk Donesia Gause-Aldana, MMC