

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15 - **ADDENDUM**

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
Eric May, General Counsel

SUBJECT: Approval of Amendment to Joint Powers Agreement (JPA) Re: Acquisition of Distribution System, Associate Membership City of Winters and West Sacramento

DATE: September 12, 2019

Please find attached a draft of First Amendment to the JPA Agreement relating to and creating the Valley Clean Energy Alliance.

Attachment

1. Draft First Amendment to JPA

**FIRST AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE**

This FIRST AMENDMENT amends the Joint Exercise of Powers Agreement referenced above and dated October 26, 2016, (hereafter the “JPA Agreement”) to modify the purposes of VALLEY CLEAN ENERGY ALLIANCE (“VCEA”) related to public power and to authorize certain local agencies to join VCEA as Associate Members.

This FIRST AMENDMENT is effective upon approval by the Cities of Davis and Woodland and the County of Yolo (collectively, the “Parties”), who agree as follows:

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions;
- B. One of the current purposes of VCEA is to promote long-term electric rate stability and electric security and reliability; reduction of greenhouse gas emissions, and reliability for residents through local control;
- C. During the last several years there have been devastating wildfires and serious issues have arisen regarding the safety and security of the electric distribution system currently owned by Pacific Gas & Electric (“PG&E”) and PG&E has filed for reorganization through the United States Bankruptcy Court;
- D. The County of Yolo and the Cities of Davis and Woodland, together with other cities in Yolo County, have previously but unsuccessfully investigated acquiring and have attempted to acquire the local electrical distribution system in all or portions of Yolo County and the cities of Yolo County in order to form a publicly owned electrical utility or to be annexed to the Sacramento Municipal Utility District. The members of VCEA together with other participating cities within Yolo County now wish to again investigate the possibility of acquiring the local electrical distribution system in the context of the PG&E bankruptcy proceeding. To that end, the Parties wish to authorize VCEA to pursue this investigation and, then, as may be deemed appropriate, to acquire the Yolo County local electrical distribution system, or portions thereof, and related equipment and property and thereafter, to own and operate this system.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

- 1. Section 2.3 of the JPA Agreement is amended to add section 2.3.1 to read as follows:

2.3.1 Additional Purpose: Public Power: Investigation of and Acquisition and Operation of the Yolo County Local Electrical Distribution System. In addition to the purposes set

forth above in Section 2.3, the purpose of this Agreement and VCEA shall also be to investigate the acquisition of the Local Electrical Distribution System. After the completion of all appropriate due diligence and investigations, and subject to final approval by the governing body of each Member or Associate Member within whose jurisdictional boundaries the electrical distribution system is located, VCEA may proceed to acquire the local distribution system through the pending PG&E bankruptcy action or through other appropriate means. If VCEA acquires the local electrical distribution system, the purpose of VCEA shall also include operation of the local electrical distribution system. The Parties hereby find that this purpose -- of investigating and potentially owning and operating a publicly-owned power utility (or "POU") that will be a strong local program that could achieve deep, long-term GHG emission reductions by offering clean, cost-effective and stable electricity to residents, business and agricultural producers, that has the desire and ability to improve the local distribution system so that it is safe and efficient and addresses fire safety and other risks, and that is responsive to local needs and concerns -- advances the CCE purpose in the full context of providing public power, is an important purpose and goal for VCEA, and is fully consistent with VCEA's existing purposes, role and function as a CCE.

2. Section 2.4 of the JPA Agreement related to membership in VCEA is hereby amended to add section 2.4.3 related to Associate Membership in VCEA to read as follows:

2.4.3 Associate Membership: Local Electrical Distribution System. Any city in Yolo County that is not already a member of VCEA may request to join VCEA as an Associate Member for the purposes set forth in section 2.3.1, above, including but not limited to participating in the investigation of acquiring the Local Electrical Distribution System, and if VCEA determines to proceed, the acquisition of the Local Electrical Distribution System and the operation of the Local Electrical Distribution System as a Publicly Owned Power Utility. Any such city may make this request to become an Associate Member of VCEA by submitting a resolution adopted by its City Council to the Board of VCEA. The Board shall review the request and shall vote to approve or disapprove the request. The Board may establish conditions, including but not limited to financial conditions, under which the city may become an Associate Member of VCEA. The Board shall notify the then members of VCEA of this request and the date that the request will be on the Board's regular or special meeting agenda for action. The Board shall endeavor to place the request on the next regular meeting of VCEA or, in the alternative, the Board may hold a special meeting to consider and act on the request. Upon approval by the VCEA Board and execution of the JPA Agreement, Associate Members shall have all the rights of a member of VCEA on issues related to the Local Electrical Distribution system only and shall not participate on matters related to VCEA's actions as a CCA. The requirements of Section 2.4.2 shall not apply to any request to join VCEA as an Associate Member.

3. Section 3.1 of the JPA Agreement is hereby amended to add sections 3.1.2 and 3.1.3 to read as follows:

3.1.2 Board of Directors: Associate Directors. Each Associate Member(s) shall appoint two (2) members of its City Council to serve as Associate Directors who shall participate only in matters related to the Local Energy Distribution System. If the number of non-

Associate Members of VCEA exceeds four (4) entities, each Associate Member shall appoint one (1) Associate Director. For Local Energy Distribution System matters, the Associate Directors shall sit on the Board and shall be counted towards a quorum for purposes of Section 3.2 and are eligible to vote on matters related to the Local Energy Distribution System. Each Associate Director shall serve at the pleasure of the City Council of the Associate Member who appointed such Director, and may be removed as Director by such City Council at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Associate Director within 60 days of the date that such position becomes vacant. Each Associate Member may appoint an alternate(s) to serve in the absence of its Director(s). Alternates shall be members of the City Council of the Associate Member.

3.1.3 Procedures and Voting on Matters Related to the Local Distribution System. If an Associate Member(s) join VCEA and Associate Directors are added to the Board, then notwithstanding any other provision of this JPA Agreement:

(a) the number of Directors and Associate Directors per member or Associate Member agency shall remain at two (2) directors per Member and/or Associate Member provided that there are four or fewer Members;

(b) the size of the Board shall be increased through the addition of Associate Directors only for matters related to the Local Distribution System;

(c) when the Board acts on matters related to the Local Distribution System, provisions of this JPA Agreement related to quorum and voting shall be modified as provided herein to account for the additional Associate Members and/or associate directors.

(d) The VCEA Board together with the Associate Directors may adopt bylaws to effectuate or clarify quorum and voting for matters related to the Local Distribution system, as may be necessary or appropriate so long as such bylaws are consistent with this JPA Agreement.

4. Section 3.3 of the JPA Agreement related to the Powers and Functions of the Board is hereby amended to add sections 3.3.11 and 3.3.12 to read as follows:

3.3.11 Investigation of Acquisition of the Local Electrical Distribution System.

3.3.12 Subject to Section 2.3.1 above, acquisition and, thereafter, operation of the Local Electrical Distribution System.

5. Exhibit A of the JPA Agreement. Definitions, is hereby amended to add the following definitions:

“Associate Director” means an member of the Board of Directors representing an Associate Member agency on matters related to the Local Electrical Distribution system.

“Associate Member” means a signatory to this Agreement for the purposes set forth in section 2.3.1.

“Local Electrical Distribution System” or “Local Distribution System” means the local electrical distribution system in Yolo County and the cities that join VCEA as Associate Member agencies, together with all associated equipment and facilities.

“Publicly Owned Power Utility” or “POU” means an electrical power utility owned and operated by a public entity that owns the local distribution system and provides services and electrical power to the customers within its jurisdiction.

6. All other provisions of the JPA Agreement not expressly modified by this First Amendment shall remain in full force and effect.

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DRAFT

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS FIRST AMENDMENT AS OF THE DAY, MONTH AND YEAR FIRST WRITTEN ABOVE.

CITY OF DAVIS

COUNTY OF YOLO

By: _____
Brett Lee, Mayor

By: _____
Jim Provenza, Chair
Board of Supervisors

ATTEST:

ATTEST:

By: _____
Zoe Mirabile, City Clerk

By: _____
Julie Dachtler, Deputy Clerk (Seal)

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Inder Khalsa, City Attorney

By: _____
Philip Pogledich, County Counsel

CITY OF WOODLAND

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Xóchitl Rodríguez, Mayor

By: _____
, Chair

ATTEST:

ATTEST:

By: _____
Ana Gonzalez, City Clerk

By: _____
, Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Kara Ueda, City Attorney

By: _____
Eric May, General Counsel