

**APPROVED**

**NOV 19 2015**

**MARIN CLEAN ENERGY**

**BOARD MEETING MINUTES**

**Thursday, October 15, 2015**

**7:00 P.M.**

**THE CHARLES F. MCGLASHAN BOARD ROOM**

**1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901**

**MARIN CLEAN ENERGY**

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**Roll Call:** Vice Chairperson Tom Butt called the regular Board meeting to order at 7:00 p.m. An established quorum was met.

**Present:** Denise Athas, City of Novato  
Tom Butt, City of Richmond  
Diane Furst (Alternate to Sloan Bailey) Town of Corte Madera  
Ford Greene, Town of San Anselmo  
Kevin Haroff, City of Larkspur  
Peter Lacques (Alternative to Barbara Coler), Town of Fairfax  
Greg Lyman, City of El Cerrito  
Bob McCaskill, City of Belvedere  
Andrew McCullough, City of San Rafael  
Emmett O'Donnell, Town of Tiburon  
Carla Small, Town of Ross  
Brad Wagenknecht, County of Napa

**Absent:** Genoveva Calloway, City of San Pablo  
Garry Lion, City of Mill Valley  
Alan Schwartzman, City of Benicia  
Kate Sears, County of Marin  
Ray Withy, City of Sausalito

**Staff:** Greg Brehm, Director of Power Resources  
John Dalessi, Operations and Development  
Carol Dorsett, Administrative Assistant  
Kirby Dusel, Resource Planning and Renewable Energy Programs  
Sarah Estes-Smith, Internal Operations Coordinator  
Brian Goldstein, Resource Planning and Implementation  
Darlene Jackson, Board Clerk  
Elizabeth Kelly, Legal Director  
Nick Shah, Power Supply Contracts Manager  
Shalini Swaroop, Regulatory Counsel  
Jamie Tuckey, Director of Public Affairs  
Dawn Weisz, Chief Executive Officer

**1. Board Announcements (Discussion)**

There were no Board announcements.

**2. Public Open Time (Discussion):**

There were no public comments.

**3. Report from Chief Executive Officer (Discussion)**

- Elizabeth Kelly, Legal Director, introduced Will Maguire from the CPUC. Mr. Maguire is the Regulatory Analyst specifically tasked on CCA issues. Mr. Maguire said he looks forward to attending meetings and working with MCE to help implement programs.

Dawn Weisz, Executive Officer then gave the following report:

- She thanked Board Members for their participation at MCE's Annual Retreat held September 17<sup>th</sup>.
- She reminded Board Members to state their name when speaking on agenda matters and said MCE will soon have video-enabled productions of their meetings.
- She presented a PowerPoint featuring some of the most recent MCE advertising spots taken in various service territories.
- MCE has a Deep Green Selfie Program going on which helps to promote the Deep Green campaign.
- A one page summary of progress is included in the Board packet on MCE's Energy Efficiency Program and she provided the following highlights:
  - The commercial program is on track to hit its targets which is a big jump in participation;
  - Their multi-family program was over-subscribed which will lead to an increase in savings for December. This increase in savings will allow funds to be shifted from another category into the multi-family program to meet the demand.
- MCE is seeing a lot of activity on PACE and questions can be directed to Beckie Menten. A PACE workshop was held one week ago for PACE providers, and staff is monitoring outreach to ensure people are adhering to PACE parameters.
- She referred to Jamie Tuckey, Director of Public Affairs, who stated staff has worked hard to integrate their Energy Efficiency services in all marketing communication activities and recently created 4 videos. She premiered two of the videos. The videos will be shown on the Internet, on MCE's website, and shared on social media with partner organizations and potential clients.
- In the Board packet is a flyer regarding an event called "Time to Lead on Climate" to be held November 9, 2015. Special guests Ken Alex from the Governor's Office and Bill McKibben, will be speaking at the event which will be held in San Rafael.
- Staff has reports that PG&E may be starting to recruit customers for their Green Tariff Program called "Community Solar Choice" which she said will be discussed later in the meeting by Ms. Kelly.

**4. Consent Calendar (Discussion/Action):**

C.1 9.17.15 Board Retreat Meeting Minutes

C.2 Approved Contracts Update

### C.3 Monthly Budget Report

### C.4 First Agreement with D.A. Jordan, DHA

The following corrections were requested to be made to the Board Retreat Minutes of September 17, 2015:

- Page 9, replace the reference to Board member Lyman speaking to the exposure on the chart with Board member Quinto;
- Page 9, end of page, reference to Board member Lyman which should be a reference to John Dalessi;
- Page 19, second paragraph from the bottom, reference is made to the CPUC requires all detail retail sellers."

ACTION: It was M/S/C (Greene/Small) to approve Consent Calendar Items C.1, as amended. Motion carried by unanimous roll call vote: (Abstain: Furst, Lyman and Lacques; Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

ACTION: It was M/S/C (Wagenknecht/McCaskill) to approve Consent Calendar Items C.2 through C.4. Motion carried by unanimous roll call vote: (Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

## 5. Presentation from Mainstreet Moms (Discussion)

Allison Hang, Community Development Manager introduced Chris Brown, Kathy Calloway and Mary Morgan from Mainstreet Moms. Mainstreet Moms organized and formed a non-partisan, non-profit organization which is committed to securing a more viable future for children through education, engagement, actions and leadership of moms and honorary moms.

A few examples of Mainstreet Moms' work include:

- Having made education and outreach for MCE one of their top priorities for several years
- Mainstreet Moms advocated against Proposition 16 in 2010
- Dedicated countless hours to educating and promoting MCE's Deep Green Program
- Helped organize MCE's first advocate training last month

Ms. Hang said tonight Mainstreet Moms will discuss their experience in running a Deep Green Enrollment Campaign from November 2014 to this past January 2015 and they will discuss training that came about from their experiences.

Chris Brown provided an overview of Mainstreet Moms Organize or Bust (MMOB) stating they have advocated for clean energy ever since Charles McGlashan visited Pt. Reyes Station to talk about his vision several years ago, and MMOB got involved in educating people in Marin about Deep Green opportunities. A year ago several attended New York's Climate Change rally and talked to many people there. What got people's attention was talking about Marin Clean Energy and opportunities for 100% renewable energy. They were surprised there was still such low enrollment for Deep Green in Marin and she stated Kathy Calloway will next describe the actions MMOB took.

Kathy Calloway stated MMOB is a small organization, but they wrote articles and printed advertisements in local newspapers. They went on the local radio station and various other outreach programs and discussed how easy it is to do more to address climate change by going Deep Green.

She stated one of the most successful events was their rally in front of their local post office. They spoke with various civic groups, local businesses, environmental groups in the County, emailed friends and neighbors, and distributed information notices to people. More importantly, they educated themselves in addition to people they talked to. Afterwards Ms. Hank notified them there was a sizeable increase in Deep Green sign-ups for West Marin.

Mary Morgan then explained that MMOB had two big challenges. The first was listening to and addressing the many diverse questions people had about the Deep Green program which she relayed to the Board. This made people realize how little and also how much they know about clean energy.

The second big challenge was getting people to sign up and making it easier for people to sign up. They made three different recommendations to their Executive Board: 1) Marketing for Deep Green should emphasize the theme of climate change; 2) MCE could benefit from expanded community engagement. MCE should build on its relationships with community and environmental organizations to reach out to membership and other constituents of those organizations and get those individual members to sign up for Deep Green; and 3) In order to use community organizations to get their members and others to sign up for Deep Green, community advocates need training.

Ms. Morgan said MCE staff was immediately responsive to their suggestions, Ms. Hang spearheaded an effort to plan and then execute advocate training which helped educate MMOB and others from the Bay Area. She emphasized that it was a wonderful display of democracy in action and why CCA's play such an important role in democratizing energy.

Regarding next steps, Ms. Morgan said with the support of MCE and hopefully with other community organizations that attended the training, they propose:

- Talking to people in Marin about the Paris climate talks which will also urge people to sign up for Deep Green. MCE and other CCA's will be in Paris to share their experiences and they want to bring the message home about the importance of CCA's in fighting climate change through the procurement of greater amounts of renewable energy;
- Work with MCE on a hand-out from a grass roots point of view, emphasizing the connection between fighting climate change and Deep Green;
- MMOB wants to work with MCE and use the time at the climate conference on November 9<sup>th</sup> as an opportunity to pitch Deep Green. Some MMOB members will be attending the conference and they hope to take newest MCE handouts about 100% renewable energy and hand it to every person at the conference;
- They want to target the CPUC with letter-writing and people presence campaigns especially on the issue of PCIA. They need a reliable information-sharing mechanism with MCE in order for MMOB to participate in a timely and informed manner; and
- MMOB wants to work with many other West Marin organizations and boards of non-profits to get their members to sign up for Deep Green.

Ms. Morgan thanked the Board for the time provided on the agenda, said they appreciate the work of MCE and were available to address any questions of the Board.

Board Member O'Donnell thanked MMOB for their presentation and said he thinks it is important for MCE to understand historically why percentages of Deep Green were low and also why percentages of

opt-outs were high, as compared to the newer communities enrolling. He suggested returning to those initial communities to reiterate how MCE has improved over time based on its track record.

Board Member Lyman thanked MCE for arranging the advocates training and he asked if MMOB could provide to Board Members the most frequently asked questions and their responses. Ms. Hang stated this information is posted on the advocates' web page. Board Member Greene asked if MCE staff could forward the direct link to Board Members and Ms. Weisz agreed.

Vice Chair Butt thanked MMOB for their presentation and a round of applause followed.

#### **6. The Charles F. McGlashan Advocacy Award (Discussion/Action)**

Vice Chairperson Butt stated the Charles F. McGlashan Advocacy Award was established in 2011 to honor the legacy and leadership of MCE's founding chair, Charles F. McGlashan, and to recognize non-profit and advocacy organizations and individuals who have dedicated countless hours in educating, promoting and volunteering for MCE.

He stated Mr. McGlashan was elected to the Marin County Board of Supervisors and was a public servant and lifelong environmentalist throughout his career to promote sustainability, energy efficiency and renewable power. He earned a reputation for adopting innovative solutions while demonstrating tireless guidance for several years to bring greener power, stable rates, local control and economic vitality through MCE.

Personally, Vice Chairperson Butt said he would not be here tonight and the City of Richmond would probably not be a member of MCE if he and their City Council had not heard a presentation made by Mr. McGlashan at the Local Government Commission Yosemite Conference several years ago.

Vice Chairperson Butt announced that on October 7<sup>th</sup>, MCE's Executive Committee voted unanimously to honor Constance Beutel, from Benicia as the 5<sup>th</sup> recipient of the Charles F. McGlashan Advocacy Award. Ms. Beutel, the first Chair of Benicia's Sustainability Commission, was instrumental to Benicia's membership with MCE. Under Ms. Beutel's leadership the Sustainability Commission recommended that the Benicia City Council offer renewable energy choices to its community by joining MCE. Ms. Beutel educated the City Council and played a pivotal role in outreach efforts which made a tangible impact on the success of MCE's outreach. Ms. Beutel remains engaged with MCE's work and recently provided feedback on MCE's 2016 and Beyond Energy Efficiency Program and attended MCE's advocacy training.

He then presented Constance Beutel with a certificate for the 2015 Charles F. McGlashan Advocacy Award and said MCE will also commemorate by placing this award plaque at the entrance to MCE's Board Room. A round of applause followed.

Constance Beutel spoke about Supervisor McGlashan's incredibly rich life, devotion to the environment and education of people about it. She said she was honored to join others in receiving the award and thanked the entire Board and MCE staff for their work and compassion for clean energy.

**ACTION:** It was M/S/C (Athas/Small) that the 2015 Charles F. McGlashan Advocacy Award be given to Constance Beutel. Motion carried by unanimous roll call vote: (Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

## **7. Updated Integrated Resource Plan (Discussion/Action)**

Ms. Weisz drew the Board's attention to and presented a sample of the power content label which is required by law for MCE to send out every October to its customers. She thanked the Public Affairs team for making the mailer very informative, stating it not only highlights the power content label but includes information about power supplies.

Greg Brehm, Director of Power Resources gave a background of the Integrated Resource Plan (IRP) which sets out MCE's procurement for the next 10 years and he noted a few significant changes were made this year. MCE will be going from the 50% renewable content for the Light Green product to 80% by 2025 and increasing procurement of carbon-free resources.

Currently MCE's goal is 60% and they will increase this incrementally over the next 10 years to a goal of 95% GHG-free energy. MCE will also be limiting their use of unbundled renewable energy credits.

Mr. Brehm said the IRP does not reflect any new or potential membership expansion/ inclusion but only addresses the current load forecast right now. He presented a chart noting that MCE is also including increases in development of local projects. He then presented last year's IRP and said this year's plan replaces the potential renewables category with specified renewable content.

Mr. Brehm said the next chart shows MCE's Light Green product and quantities and goals which have increased from last year's IRP. Procurement goals have changed from 50% to 57%. MCE has also increased their carbon free content as well, going from a 60% goal last year to 68% in 2014 to a 95% goal by 2025.

Regarding unbundled renewable purchases, in the past MCE had a substantial need for system power purchases. Last year was 230,000MWh projected for 2017 and in this year's IRP it will be about 88,000 MWh for 2017 which is a substantial decrease.

Board Member O'Donnell said this item was discussed at the Technical Committee. As MCE moves to a higher percentage of Renewable energy in its Light Green product, MCE will need to think about how it will differentiate its Deep Green offering. Mr. Brehm commented that staff is holding discussions on this and will be bringing an agenda item to the Technical Committee in the future.

Ms. Weisz agreed that an item will be agendized in February regarding the Deep Green portfolio product; however, those people who sign up to be on the ad-hoc rate setting committee will likely receive a preview and have an opportunity to comment in January.

She explained that the Technical Committee has held discussion in May/June regarding restructuring the Deep Green program to incorporate different resources. Initially it was a wind product and they transitioned it to be a wind/solar product. MCE would also like to incorporate some base load supply and tie it to some local supply to make it a product that better matches customer usage patterns. Ultimately, MCE would like to have Light Green and Deep Green become one 100% green product, but during the transition they want to ensure Deep Green customers are getting a superior product.

Mr. Brehm reminded Board Members that in the package are a short list of changes and study materials, as well as the IRP.

Vice Chairperson Butt opened the public comment period, and there were no speakers.

**ACTION:** It was M/S/C (Greene/O'Donnell) to approve the Updated Integrated Resource Plan. Motion carried by unanimous roll call vote: (Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

**8. Update on MCE Solar One Draft Environmental Impact Report (Discussion/Action)**

Greg Brehm, Director of Power Resources, introduced Dr. Bruce Barnett and Abe Leider, MCE's EIR consultants, as well as Kevin Mackamul and Jeff Cheng from MCE's Solar One development team who are available to answer questions regarding the EIR.

On the last date of the comment period Mr. Brehm noted MCE received comments from a couple of community organizations. However, MCE has reviewed the comments and the EIR consultant is working on responding to these comments. He said Mr. Leider can provide information on the process involving.

Vice Chairperson Butt asked and confirmed that any appeal would be made to the MCE Board to re-evaluate the EIR. The Board will be asked to certify the Final EIR at the next board meeting once comments are drafted and sent to Public agency commenters.

Abe Leider, EIR consultant, Rincon, stated that a Notice of Determination is filed after certification of the EIR is completed for the project. Any potential lawsuit would be filed after the project is approved.

Board Member O'Donnell asked what the comments focused on. Mr. Leider explained that the comment period ended on September 28, 2015 and MCE received 5 letters, 2 of which have substantial comments on technical environmental issues. One letter is from the California Department of Fish and Wildlife and the other is from an attorney representing a number of individuals and labor organizations.

The two main areas of comments are biological resources and hazards or hazardous materials. He explained that the biological resources around the site include a water course which Dr. Barnett can talk more to, and also the site itself is a capped landfill and a fertilizer pond with some contaminated soils and materials potentially in it. The project is heavily engineered to work around those constraints and design but nonetheless, a commenter has provided comments the team is working on addressing and is currently about 90% through those comments.

Board Member Greene asked for more information on the nature of the technical points the consultant team is being asked to handle. Mr. Leider referred to the fertilizer pond and explained that there is a layer of fill over the historic pond. One of many comments speculated that the particular module installation could potentially drive piles through some of the contaminated material in the pond. The question is whether the piles will extend through the clean fill below into potentially contaminated soils, and does that allow for a conduit release and a water quality issue.

On the other side, there is a capped landfill and an HDPE impermeable layer capped with soil over the landfill. Similarly, the commenter has concerns about whether the ballast that would sit on top of that would potentially settle, effectively compromising the ability of that cap to contain the materials, or, whether runoff could seep through and leach into the water courses around it.

Board Member Lyman said earlier in his life he had worked at a sanitary landfill in New Jersey and has experience with capping landfills. Currently, his job is mitigating for endangered species and he has been

working on EIRs for 28 years in California. He said the seasonal surveys for plants and birds were the number one thing that caught his eye in the comment letters. With regards to hazards he is certain that a structural analysis has occurred to ensure the ballast has a wide enough load. The comment regarding this was that calculation for this was not provided. Therefore, the Final EIR would provide that calculation.

Jeff Cheng, said a lot of response on this topic has to do with settlement potential, how much it has already settled and how much further it could potentially settle based on age and material there. Their firm has a geotechnical project engineer who they will bring into work on the Final EIR and which will cover the load capacity issues.

He also clarified that there will not be heavy equipment driving on the landscape. They will hand-carry equipment out there and they will be pumping concrete from a hose so there will not be any heavy impacts on top of the landfill even from getting materials onto it.

Board Member Haroff said he knows it is feasible to do this, but the biology side gives him more pause because there is science behind it wherein on non-seasonal surveys it was done before raptors come out and before rare plants are in bloom. He therefore voiced concerns with the seasonality of the surveys and asked how this will be addressed.

Dr. Barnett said he has been doing this kind of work for 30 years in and around the Bay Area. The first important thing to understand is that the project is in the middle of the Chevron refinery. The project is going on in a capped landfill and a fertilizer pond. In between that there is a sliver of a saltwater marsh and species that could live at that marsh. They also know the species are limited to that marsh and that many species are extremely sensitive to surface activity. Given the sliver of marsh is in the middle of the refinery, it is highly unlikely that those species will wander up and down that corridor.

Dr. Barnett added that for this type of highly disturbed urban/ industrial site, these surveys are not required by CEQA. Their firm responded by saying that although they did their surveys in January and February this project will be hopefully constructed in the spring. They know this is the active nesting period and knows that burrowing owls will not dig a hole in the landfill cap or the fertilizer pond. Owls are also extremely skittish and they migrate away from population centers. Therefore, they will not be in the middle of the refinery. Additional mitigations were also added to the EIR which will put exclusion fences around the marsh, and will include sensing mechanisms on the marsh and also add a monitor. They will also have pre-construction worker environmental awareness training so everybody is aware of potential species to monitor for. Dr. Barnett added that their firm also planned a full spectrum pre-construction survey which will determine whether there are any burrowing owls present.

Regarding comments about endangered grass, Dr. Barnett said there is some perennial grasses on a berm surrounding a small sliver of the landfill but they are making a needle grass preserve there and also do not plan to remove what is there. They will ensure everything that is there stays there, will make sure there is nothing new constructed there and ensure that all construction affects nothing in the marsh and that dust will not affect species. He explained there are many mitigation items that will occur pre-construction and during construction which will address any problems. A full inventory is not needed nor required and they have identified baseline conditions and what could be affected by the project. They believe through environmental awareness training and pre-construction mitigation items, these comments will be addressed.

Board Member Lyman asked and confirmed there is little risk to MCE taking such a position given what has been outlined. Dr. Barnett said they believe they can handle any issue that comes up pre-construction. If they do come across a species of concern their procedure is to halt operations and consult with the California Department of Fish and Wildlife or the U.S. Department of Wildlife. Some comments also were received that not enough work was done and a full inventory of every possible species should be addressed there. For the purposes of the EIR, Dr. Barnett said they must have a 95% confidence of what they see out there and that they know what impacts could occur. Given this, they will take the measures necessary to address any impacts should they occur.

Board Member Lyman asked what is physically between the solar panels.

Dr. Barnett replied there is native vegetation and the point is raised that what is there is natural habitat. This serves two opposing purposes. One is that it provides a refuge for rodents and small mammals by the fact they can escape predators, which is a good thing. This was demonstrated in a solar project in Sacramento. This increased production and a greater food base.

Dr. Barnett said on the other side, they had a project in Modesto where they were building a shopping center on a landfill. The biologist took mice and rats from the site and sent them to a lab and they came back and showed that the levels of arsenic in the tissues of these animals. This accumulates in the secondary consumers which are the raptors. Therefore, they determined that based on the quantities of heavy metals and arsenic in those rodents that raptors would have to eat only 3 to 5 rodents before the raptor dies. They showed that the development was actually keeping the contaminated rodents out of the food chain and the Department of Fish and Wildlife agreed with them.

Therefore, while they may be providing some refuge to some rodents on the ground, putting an energy project on a Brownfield site actually provides a benefit to the raptors that may eat those rodents by keeping contaminated rodents out of the food chain.

Board Member O'Donnell asked and confirmed that these comments could dramatically impact the schedule for the project, given upcoming steps.

Vice Chairperson Butt commented that the problem is not so much about the technical aspects of the EIR but a strategy that unions have used in Richmond where unions pick a project and try to force a labor agreement on the developer. If they do not get the agreement they hire a law firm to file comments on the EIR, appeal it, and if they feel that they have enough leverage, they will litigate it. He noted that Adams Broadwell is the law firm of choice that represents construction trades and regardless of what happens, he asked for a bullet-proof EIR. The real question is how far they will push this. If they decide to litigate it, it could be tied up in court for over a year or two years.

He said that a use permit may be required, which would need to be granted by the Planning Commission and appealable to the City Council. Given the upcoming holiday schedule it may not get to the City Council until January. Therefore, there are many unknowns and not much the Board can do other than ensure the EIR is bullet-proof.

Mr. Brehm said his understanding is that no use permit is needed because the site is zoned M3 which allows for utility use by right. He noted, however, that the project must undergo review by the City's Design Review Board.

Board Member Haroff said the schedule raises a question about process. He asked what MCE's process is in terms of an approval decision other than issuing a Notice of Determination. Mr. Brehm explained that once final comments are addressed in the Draft EIR, the Final EIR will be published and the Board will have 10 days to review final comments. The Board could hold a special meeting, but currently the plan is to bring back the Final EIR at the November Board meeting for certification.

Ms. Weisz stated this evening this item is listed as a discussion/action item, but there is no action needed tonight. She confirmed that the proposed action is to have the item be considered and action taken to certify the Final EIR at the November 19<sup>th</sup> Board meeting, and there is no other formal approval by MCE.

Board Member Lyman stated in El Cerrito there is certification of the EIR and then a project approval process. Funding the project is a discretionary decision that the EIR is allowing the Board to do. He asked at what point MCE approves the project which may trigger another point of opposition or litigation.

Board Member Haroff said he also posed this question and understands the normal City process and clarified the project will need to be approved by the City's Design Review Board.

Ms. Weisz said MCE has received approval to enter into contract with the developer. Board Member O'Donnell added that the Board has already approved the project subject to CEQA analysis and certification of the FEIR. Mr. Brehm said the City of Richmond will not schedule the project to go before the City's Design Review Board until the MCE Board certifies the FEIR.

Board Member O'Donnell questioned whether there is a deadline on the project, given it involved a federal tax credit. Mr. Brehm said the tax credit will expire if the project is not on-line and generating energy by December 31, 2016. They expect this can be extended for at least one year, but their goal is to have it on-line before the first of January, 2017.

Board Member Lacques referred to the California Unions for Reliable Energy and he said a host of individuals are critical of this particular organization for using the environmental review process as a way of leveraging union project labor agreements. He agreed that the best way forward is to have a robust EIR review.

Ms. Weisz added that MCE staff has worked very hard on this particular project to involve union representatives at the beginning of the process. They had quite a few meetings early in the spring and summer specifically in the Richmond community and were informed by the IBEW that they do not believe they have enough members in the Richmond community to meet the 50% local hire requirement which aligns with the City of Richmond's local hiring requirements and the unions have asked if there is flexibility with the 50% minimum hire rate. MCE has told them they need to meet or exceed that threshold and suggested they begin recruiting in the Richmond community.

Ms. Weisz added that there are also concerns that have been raised by the IBEW about sharing jobs with other unions and with IBEW. MCE staff has also worked with RichmondBuild which conducts job training to ready individuals for construction and work opportunities.

## **9. MCE Compensation Analysis (Discussion/Action)**

Dawn Weisz, on behalf of Katie Gaier, Human Resources Manager, gave the staff report, noting that the item was recently discussed at the Executive Committee meeting. In the last year, MCE has conducted 12 recruitments to fill 15 positions. There were some positions they were unable to fill in their old offices, but since moving to the new office they have brought new employees on. They found that during that process many positions were difficult to fill because salary ranges did not seem to accommodate recruitments which resulted in additional compensation studies and creation of tiers of existing positions. Staff was doing this on an as-needed basis and after repeating the process a few times, it was determined it would make more sense to do a comprehensive analysis of MCE compensation ranges, look at where they are compared to the market and do it all at one time.

With that decision, staff engaged with an external consultant team in May to survey a group of agencies and companies with similar positions. It has often been difficult to find positions comparable to MCE's positions. There are 2 CCA's MCE can look to but many jobs at MCE are a bit unique. Staff also had difficulty finding similar jobs in the private sector because compensation amounts can be unreliable and difficult to obtain.

MCE's consultant embarked on a study and was able to glean much more information than in prior years, given CCA activities of Sonoma and Lancaster.

Ms. Weisz said the packet includes examples of agencies that were surveyed and she summarized that staff was able to find between 5 and 12 matches for almost all MCE positions. Some agencies that served as good examples were the cities of Redding, Anaheim, Palo Alto, and other local government entities that provide a product to customers. Staff also looked at private companies such as California Edison, PG&E and public agencies like San Francisco Department of the Environment, MMWD and SMUD. They found MCE salaries were behind the market as compared to similarly situated positions in other jurisdictions. They found 26 MCE positions were below the median in the market.

Also reviewed and discussed by the Executive Committee was targeting compensation ranges and whether they want to go above the median. There were three reasons for considering this: 1) they have a high bar for performance and want to attract the best and brightest. In some cases they recruit people from the private sector where compensation levels tend to be higher; 2) the cost of housing in Marin as compared to other communities. There were two communities surveyed where the cost of housing was higher which was San Mateo and San Francisco; and 3) the cost of living and looking at what people are paying for goods and services county by county, what kind of impact that would have if they factored that into compensation ranges.

This data was presented to the Executive Committee and the Committee recommended that the very first change would be made to adjust existing compensation ranges so people are not below the bottom of the range. They also recommended going to 15% above the median when looking at compensation ranges for the high end of the scale. This allows for some flexibility when providing a higher level of compensation to attract someone to be hired.

Another item that was discussed in the Executive Committee was the goal to minimize their carbon footprint, provide a reasonable opportunity for people to live close to where they work and not commute long distances, creating a healthier lifestyle as well as equity and fairness. She then asked if Executive Committee members had any comment.

Board Member Lyman asked if the proposal is permissive to allow for up to 15% above the median salary range. Ms. Weisz referred to the spreadsheet and the first column shows the current salary range for each position, the median for the low and the high in the labor market, the next two columns show how far out of market they were for each position, and the last column shows what the top of the range would be adjusted to with the 15%. Rather than capping it at the top of the range, they would add 15% to that.

Board Member Lyman asked if the median in the labor market already takes into consideration the cost of living and housing factors. Ms. Weisz said no. He asked how this was factored out in setting the middle of the range. Ms. Weisz said they conducted a very detailed analysis for one position. The federal benchmark for housing assumes that 30% of a person's income is used for housing, but in the Bay Area that is often more. They took 30% of the compensation and applied an adjustment depending on the difference with the county they were comparing to. The same was done for the CPI which is done on more of a regional basis. They looked at the analysis for one position and discussed in the Executive Committee whether it would be helpful to apply that analysis to every single position. The simplest way was to make an adjustment to compensation ranges which they agreed was 15% which recognizes cost of living and housing differences.

Board Member Lyman said most of these ranges are only 15% to 20% to begin with, so by adding 15% they are doubling the range or creating a range on top of a range. Most people will come in at the current high and work towards the new high range. He knows it is only applied at the upper end, but in reality, it is being applied to the bottom end as well. He asked if everybody was comfortable with the fact that MCE is proposing to increase overall the ranges and gap and increases, and he asked if the upper end in some cases was too high.

Board Member McCullough said he shares the same reservation. He referred to the Median Labor Market column and he asked and confirmed this is from many regions. He suggested surveying only in the Bay Area so as not to "super-charge" some areas.

Ms. Weisz said unfortunately there are not enough agencies in the Bay Area to compare that are similar to MCE and have similar job classifications. She added that the firm MCE consulted with conducts these types of compensation analyses across the state and this was the methodology they recommended as the best practice to get the fairest results and results which are not skewed.

Board Member McCullough commented that he thinks it is an unusual methodology and voiced uncomfortableness with it.

Board Member Small said when the Town of Ross is dealing with labor contracts and they are working with 2 to 4 years out, they receive cost projections. She said she can see the reasoning for the methodology but would also like to see a revised budget, budget projection over the next few years and how it impacts the budget, as this would help her to make a better decision on the recommended action.

Board Member Haroff echoed Board Member Small's comments. He said it is important to have this perspective because of some of the other challenged discussed in the Executive Committee. The reality is that MCE is a unique organization because of its public/private composition and, therefore, finding comparable data in the market place is a challenge. He thinks part of the Executive Committee

discussion recognized the importance of putting overall parameters on the impact of their budget, but also that MCE remain competitive as an organization and that they use compensation decisions to support their success going into the future. This means not just going out and looking at public agencies but also being mindful of the fact that some people they are trying to attract and the distinctive job characteristics may come from the private sector where compensation is different.

Board Member Haroff also said what came from the Committee's discussion is a recognition that they need to trust staff in their discussions with perspective employees, given the important skill sets use by the agency.

Vice Chairperson Butt stated that the Board discussed a position which MCE staff had recruited which took months and months, and the Board discussed the impact to the budget. What this does is that it provides some flexibility at the top if MCE must go there. If other factors result in a trend that compensation costs are starting to rise up, it will be reflected in budget projections, but it may be that they only need this for a few positions. He suggested trusting staff to use it judiciously as it provides flexibility.

Board Member Lyman said he supports the changes in median and concept of increasing salaries to be competitive and so MCE has this latitude, but said it was the magnitude of 15% that troubles him. Many positions are comparable to the San Francisco PUC and he said he is comfortable with the median range and 5% above that to provide latitude to be better than average, but questioned the magnitude of future hires.

Board Member Small said at the Executive Committee meeting, the committee discussed the fact that there are more CCAs in nearby areas. Because MCE staff is great and there is not a large market for people who work for CCAs, it is likely that employees could look to San Francisco given their higher salaries and budget and how MCE can compete with that. Again, after going through this and listening to the request tonight she thinks the matter is about retention of quality staff. She asked and confirmed that MCE staff publishes the salary range when recruitments are undertaken and offers are typically made based on individuals' experience and years of education.

Board Member Athas voiced her support of the request, but said she is used to seeing what the initial impact and potential future impact is as it relates to the Budget.

Ms. Weisz said the recommendation made by the Committee was last week and there was not enough time to provide the analysis on the impact to the budget, but that analysis has been done which she presented. The Executive Committee could meet first to discuss the implementation trajectory and the Board could decide how to implement the new ranges at a future meeting. To provide a sense of the impact, if the revisions were to move forward from the Executive Committee's recommendations and wanted to adjust employees that are currently below the bottom of the range and bring them up in January, this would impact the budget by \$25,000.

If MCE adjusted it in November, it would be an impact of \$32,000 to the budget. On an annual basis, if they were to bring staff to the median of the middle of the new range, it could be an added \$800,000 to the FY2017 budget. This could be something to discuss during the budget setting process next year and thinks the trajectory for implementation could be something subject to staying within the Board-approved budget or it could be subject to a certain threshold of \$25,000, \$50,000 or something

reasonable for the remainder of the fiscal year. For the coming fiscal year, this could be something to discuss during the budget process.

Board member McCaskill said he thought at the Executive Committee meeting they were just talking about the 15% flexibility to be used at the top. He said he was not sure all members understood that they were talking about actually changing their existing salary ranges.

Ms. Weisz stated in the analysis conducted there were positions that are currently at a level that falls below the bottom of the range. They were going to adjust the bottom of the range based on the salary survey conducted.

Vice Chairperson Butt said if the current range was changed to the median labor market ranges identified without the 15% adjustment, this would be reflected in the second column. The Board would adopt the new survey, keep the low range where it is, increase those employees affected to the new starting range which impacts the budget by \$32,000 and increase the high range up to 15%.

Ms. Weisz explained that the \$32,000 is not in their current budget, but closer to the end of the year staff will identify whether the \$32,000 could come from another line item or out of reserves which is a discretionary Board item.

Board Member Greene asked if there has been an evaluation on the impact of the proposed increases on benefits. Ms. Weisz stated the benefits are included and the figures represent a fully loaded cost.

Board Member Lacques asked and confirmed that the \$32,000 cost would be from November to March 30, 2016, or about \$10,000 per month. Ms. Weisz then gave a background of how MCE's fiscal year was established.

Board Member McCaskill asked and confirmed with Ms. Weisz that the \$32,000 amount is to bring a handful of employees up to the bottom of the new range for this fiscal year. If MCE was to bring all staff to the middle of the new recommended range, this would have an impact of \$800,000 a year.

Board Member O'Donnell returned to the budget and said MCE currently spends roughly \$3 million a year on staffing, and \$800,000 is a 28% higher increase in staffing costs. Board member Lyman said he thinks this is not what staff is proposing and \$800,000 would bring employees almost to the top of the market range. He said if the Board was to move all employees to the top of the market range which would be the middle of the proposed range, it would cost \$800,000.

Board Member Greene said he believes the Executive Committee may not have comprehended these things and Ms. Weisz said staff has taken a lot of time to ensure the analysis was done correctly and if this takes more time, a couple of other options could be considered now or at the next Executive Committee meeting. She stated some agencies have gone through a process to approve compensation ranges and in a separate action, have decided on how they want them to be implemented and set budget parameters. Once compensation ranges are established, staff has authority to determine where to place each person within their range. Staff could be given parameters to stay within the existing budget or to go to a certain threshold which could be determined by the Executive Committee as a separate action.

Board Member O'Donnell made a motion, which was seconded by Board Member Lacques, to table the matter until the Executive Committee can meet and reconsider the MCE Compensation Analysis report.

Board Member Small said since there are other CCAs coming on board, she asked staff to research what their percentage of employee cost to their overall budget is. She asked if MCE is at the lower end or at the higher end. Ms. Weisz replied that MCE is at the lower end as compared to Sonoma Clean Power. They tend to have higher levels of compensation. In their overall budget, they have a higher percentage spent per staff member.

Board Member Lyman said in his calculations, just bringing staff up to the bottom of the range would be about \$100,000 annual change or a 3% increase in staff and cost based on \$32,000 getting them to the end of March. Again, he said he is supportive of bringing employees up to range but it is when adding on 15% it brings it to the medium range, which is what Board Members are struggling with.

Board Member Haroff said he thought what Ms. Weisz described as a two-stage process is what he thought they were doing in the Executive Committee and then tonight. He is comfortable with the process to get to the overall parameters; however, it is important to return to the Executive Committee to confirm there is appropriate linkage between those parameters and budgetary impacts. He therefore supported the motion.

Board Member McCullough stated it is not the percentage, but if the Executive Committee determines there should be an upward adjustment to the range that is ultimately approved, he would like to see some criteria associated with that upward percentage adjustment and not simply that it is too time consuming to come up with something more rigorous. Vice Chair Butt noted that the presentation given showed a column of adjustment for housing costs, consumer price index (CPI) and also what 10%, 15%, and 25% showed. The Committee reviewed all of this and while a bit arbitrary, it looked like the 15% was the sweet spot.

**ACTION:** It was M/S/C (O'Donnell/Lacques) to table the matter until the Executive Committee can reconsider the MCE Compensation Analysis. Motion carried by unanimous roll call vote: (Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

#### **10. Board Member Assignment to Ad Hoc Committee (Discussion/Action)**

Ms. Weisz said the next item is to establish MCE's rate setting ad-hoc committee for 2016. They will begin holding discussions about upcoming rates in late December/early January. There is information in the Board packet to identify which Board Members currently serve on which committees as well as an overview of what the rate-setting ad-hoc committee will undertake. There will be discussion about the Deep Green product and its rate setting, discussing a fixed monthly cost and Ms. Weisz also noted that the Committee discussion relates a bit to the budget setting process.

The following Board Members volunteered to serve on the 2016 Rate Setting Ad-Hoc Committee:

- Board Member McCaskill
- Board Member Bailey
- Board Member Haroff

- Board Member O'Donnell
- Board Member McCullough

ACTION: It was M/S/C (Wagenknecht/Athas) to approve Board Member Assignment of McCaskill, Bailey, Haroff, O'Donnell and McCullough to the 2016 Rate Setting Ad Hoc Committee. Motion carried by unanimous roll call vote: (Absent: Calloway, Lion, Sears, Withy, and Schwartzman).

#### **11. Regulatory and Legislative Updates (Discussion)**

Elizabeth Kelly, Legal Director, provided an overview of the Legislative Session, stating the Governor signed all bills:

SB 350: This bill addressed renewable energy and energy efficiency. It will increase the RPS (Renewables Portfolio Standard) to 50%. MCE was actively engaged on that bill which has been signed into law.

AB 802 was also signed into law and this changes how savings are calculated for energy efficiency. It changes the baseline from which to calculate energy efficiency savings from a Title 24 code baseline to an existing conditions baseline. This will have a positive impact on the cost-effectiveness of MCE's energy efficiency program, since MCE aims at harder to reach sectors.

AB 793: This relates to home energy systems and MCE was successful in having specific language in this bill for CCAs.

There were six CPUC reform bills that went to the legislature and were vetoed by the Governor. The CPUC has formed several subcommittees to address governance issues and the Governor is waiting for that process to develop further before making decisions about ex parte rules.

Other bills were made into two-year bills. AB 1110, Assembly member Ting's bill on GHG accounting has been made into a two-year bill. AB 1330 is a bill that would create requirements for demand response for load-serving entities. Assembly member Levine also authored a bill related to non-bypassable charges for distributed energy resources. This impacts MCE because this relates to the PCIA fees, and how exceptions are made for non-bypassable charges and how to comprehensively review these.

In the next legislative cycle there is potential for cleanup legislation on SB 350, which MCE would be engaged with.

Ms. Kelly noted that for years her team and she have been working on the Power Charge Indifference Adjustment (PCIA) and next year customers are slated to pay over \$30 million in PCIA to PG&E. This has a very significant impact on MCE's competitiveness. Therefore, MCE must provide much more renewable energy at a vastly lower rate than what PG&E is providing its customers. To that end, they have undertaken many strategies that are coming to fruition and have become successful. MCE developed a white paper that includes every CPUC decision that has considered the PCIA and CAM (Cost Allocation Mechanism) exit fees since even before de-regulation. It also contains a summary of every piece of legislation and CPUC decision in order to use this resource this as a reference point for change in the coming years. MCE provided a set of five binders of all decisions and the White Paper to the CPUC and she provided recognition to Shalini Swaroop, Camilla Stough, and others who worked on the project.

Regarding the PCIA, in PG&E's Energy Resource Recovery Account (ERRA) proceeding there is an issue relating to vintaging, which determines at what point the customer is deemed to have departed from PG&E bundled service. A renter or homeowner who opts out of MCE and continues to receive PG&E bundled service, but later returns to MCE will receive a new customer vintage. Therefore, PG&E keeps assigning later and new vintages even when MCE's load has remained the same over time. This results in an over-collection of PCIA. Staff prepared a significant briefing on this and is expecting a decision in the beginning of 2016.

For the 2016 ERRA, the PCIA increase is projected to be approximately 72% between this year and next year, and staff has completed their briefing on that. PG&E will provide an update to their procurement figures and they should also be getting a decision issued in November. MCE has asked for significant PCIA mitigation for 2016 and are looking to have more comprehensive reform.

Ms. Kelly said MCE is working on the utilities' Long Term Procurement Plan (LTPP) proceeding, where they are adjusting procurement plans. When PG&E looks at their load, they must now segment out what is CCA load and what is direct access load. To date, PG&E has not projected out CCA departing load, which again inflates the PCIA. Staff has worked on this in three bi-annual cycles of the LTPP and the decision was made in MCE's third attempt. While this does not directly help MCE, it does help all developing CCAs in the state. To the extent of MCE's potential inclusion of new communities, it could have a downward impact on the PCIA and positive benefits for MCE. The recent LTPP decision makes the playing field more level on the whole between investor utilities and CCAs.

The Green Tariff Shared Renewables program is PG&E's green energy program and it is in its implementation stages. Resolution E-4734 was issued and discussed details on how this program will be implemented. The investor-owned utilities did not want to show the PCIA on their bill because it is hard to explain. Some solar industry parties said PCIA is a new large charge and it seems arbitrary to have an increase from \$4.50 to \$10.00 monthly. For CCAs, the PCIA is identified as a separate line item on the bill so for fair treatment, MCE argued the PCIA should be separately broken out on the bill. MCE was successful and the PCIA will be broken out as a separate line item on the bill for customers of PG&E's Green Tariff Shared Renewable program. In the same proceeding, there are more implementation issues still being hashed through until these programs launch. Leftover issues were grouped into Phase 4. MCE's Senior Regulatory Analyst Jeremy Waen was invited to present on two topics to the CPUC, one of which relates to PCIA proposals. Solar industries came through with a hefty group brief describing how patently unfair the PCIA is. PCIA is not well-known outside of the CCA community, so many parties do not consider it until it is applied to them. Once they begin delving into the issues, they take action and they get up in arms. PG&E has asked for stabilization over time with PCIA for their own customers, and now that awareness of PCIA is expanding to more parties, there will be more opportunities for some positive change and reform.

Ms. Kelly said most exciting throughout the entire process of the Green Tariff Shared Renewables proceeding is that PG&E had not shared what their branding was going to be. In Southern California, the analogous rate is called the "Sun Rate". Much to MCE's surprise, they received an email from Green-E asking for certification of PG&E's green product called "Community Solar Choice".

She explained that after PG&E's bad behavior during Proposition 16, SB 790 was adopted which is a CCA "Bill of Rights." In the code of conduct resultant from SB 790 it states that PG&E is not allowed to make any representations or appear to represent in any way community choice aggregators.

In addition, PG&E's other product is proposed to be called "Local Solar Choice" which is very similar to MCE's Local Sol product. MCE filed a protest which did not have much of an impact with respect to the advice letter but within 24 hours of the letter, PG&E changed the name from "Local Solar Choice" to "Regional Solar Choice." Therefore, MCE has succeeded in changing one of the names and is collaborating with PG&E in regards to the "Community Solar Choice" name. Within the next two weeks, MCE will hold a follow-up meeting with PG&E to make progress and then may potentially file a complaint against PG&E if there is not a successful resolution.

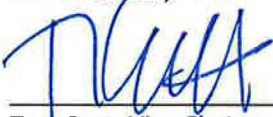
Board Member O'Donnell referred to the resolution requiring PG&E to show the PCIA on the bill, he asked how that charge will be calculated by PG&E. Ms. Kelly said the PCIA will be the exact same charge which is why the solar industries have been up in arms about this. There has been concern expressed as to how PCIA would be applied to these customers. In essence, a group of PG&E customers can elect to be on the Green Tariff Shared Renewables program, and these customers are departing from PG&E bundled service to an entirely different PG&E product.

#### **12. Board Member & Staff Matters (Discussion)**

Board Member McCaskill referred to a mailer and said the PCIA was not reflected; however, what was represented was the 2014 California Power Mix not cost information.

#### **13. Adjournment:**

The Board of Directors adjourned the meeting at 9:30 p.m. to the next Regular Board Meeting on November 19, 2015.



Tom Butt, Vice Chair

Attest:



Dawn Weisz, Secretary

**APPROVED**

**NOV 19 2015**

**MARIN CLEAN ENERGY**