

CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,
PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY



AGENDA

Joint SPECIAL Meeting

Monday, September 16, 2019 * 6:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

- City Council meetings are video recorded and archived as a permanent record. The [video](#) recording captures the complete proceedings of the meeting and is available for viewing on the City's website.
- Posted Reports & Supplemental Docs contain records up to the cut off time prior to meetings for processing new submittals. Complete records containing meeting handouts, PowerPoints, etc. can be obtained through a [Records Request](#).

PUBLIC MEETING ACCESS

The Regular Meetings of the City Council are scheduled for the 2nd and 4th Wednesdays and are broadcast live on Cox Communications-Channel 19, Spectrum(Time Warner)-Channel 24, and AT&T U-verse Channel 99. The video taping of meetings are maintained as a permanent record and contain a detailed account of the proceedings. Council meeting tapings are archived and available for viewing on the City's [Public Meetings](#) webpage.

AGENDA MATERIALS

A full City Council agenda packet including relative supporting documentation is available at City Hall, the Solana Beach Branch [Library](#) (157 Stevens Ave.), La Colonia Community Ctr., and online www.cityofsolanabeach.org. Agendas are posted at least 72 hours prior to regular meetings and at least 24 hours prior to special meetings. Writings and documents regarding an agenda of an open session meeting, [received](#) after the official posting, and distributed to the Council for consideration, will be made available for public viewing at the same time. In addition, items received at least 1 hour 30 minutes prior to the meeting time will be uploaded online with the courtesy agenda posting. Materials submitted for consideration should be forwarded to the [City Clerk's department](#) 858-720-2400. The designated location for viewing of hard copies is the City Clerk's office at City Hall during normal business hours.

SPEAKERS

Please submit a speaker slip to the City Clerk prior to the meeting, or the announcement of the Section/Item, to provide public comment. Allotted times for speaking are outlined on the speaker's slip for each agenda section: Oral Communications, Consent, Public Hearings and Staff Reports.

SPECIAL ASSISTANCE NEEDED

In compliance with the Americans with Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Section 202. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the [City Clerk's office](#) (858) 720-2400 at least 72 hours prior to the meeting.

As a courtesy to all meeting attendees, please set cellular phones and pagers to silent mode and engage in conversations outside the Council Chambers.

CITY COUNCILMEMBERS

David A. Zito, Mayor

Jewel Edson, Deputy Mayor

Judy Hegenauer, Councilmember

Kristi Becker, Councilmember

Kelly Harless, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

SPEAKERS:

Please submit your speaker slip to the City Clerk prior to the meeting or the announcement of the Item. Allotted times for speaking are outlined on the speaker's slip for Oral Communications, Consent, Public Hearings and Staff Reports.

READING OF ORDINANCES AND RESOLUTIONS:

Pursuant to [Solana Beach Municipal Code](#) Section 2.04.460, at the time of introduction or adoption of an ordinance or adoption of a resolution, the same shall not be read in full unless after the reading of the title, further reading is requested by a member of the Council. If any Councilmember so requests, the ordinance or resolution shall be read in full. In the absence of such a request, this section shall constitute a waiver by the council of such reading.

CALL TO ORDER AND ROLL CALL:

FLAG SALUTE:

APPROVAL OF AGENDA:

PROCLAMATIONS/CERTIFICATES: *Ceremonial*

1. Bocce Ball

ORAL COMMUNICATIONS:

This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by submitting a speaker slip (located on the back table) to the City Clerk. Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each presentation is THREE MINUTES (SBMC 2.04.190). Please be aware of the timer light on the Council Dais.

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1.)

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion. Any member of the public may address the City Council on an item of concern by submitting to the City Clerk a speaker slip (located on the back table) before the Consent Calendar is addressed. Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be discussed immediately after approval of the Consent Calendar.

A.1. Minutes of the City Council.

Recommendation: That the City Council

1. Approve the Minutes of the City Council Meetings held April 24, 2019 and May 8, 2019.

Item A.1. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

C. STAFF REPORTS: (C.1.)

Submit speaker slips to the City Clerk.

C.1. Solana Energy Alliance (SEA) Activities and Operations Annual Report.
(File 1010-40)

Recommendation: That the City Council

1. Initiate negotiations with the cities of Carlsbad and Del Mar and other potential partners to prepare a Community Choice Aggregation Joint Powers Agreement.
2. Return to the City Council for the necessary and timely approvals needed to establish and convene a Community Choice Aggregation Joint Powers Authority Board of Directors in time to approve and submit a revised Community Choice Aggregation Implementation Plan to the California Public Utilities Commission by December 31, 2019 in order to launch a Community Choice Aggregation JPA in 2021.
3. Consider restructuring SEA to align goals with the future CCA JPA (50% RPS and 2% generation rate reduction).

[Item C.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

WORK PLAN COMMENTS:

Adopted June 12, 2019

COMPENSATION & REIMBURSEMENT DISCLOSURE:

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency "City" at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: [Council Committees](#)

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

- a. City Selection Committee (meets twice a year) Primary-Edson, Alternate-Zito
- b. County Service Area 17: Primary- Harless, Alternate-Edson
- c. Escondido Creek Watershed Authority: Becker /Staff (no alternate).
- d. League of Ca. Cities' San Diego County Executive Committee: Primary-Becker, Alternate-Harless and any subcommittees.
- e. League of Ca. Cities' Local Legislative Committee: Primary-Harless, Alternate-Becker
- f. League of Ca. Cities' Coastal Cities Issues Group (CCIG): Primary-Becker, Alternate-Harless
- g. North County Dispatch JPA: Primary-Harless, Alternate-Becker
- h. North County Transit District: Primary-Edson, Alternate-Becker
- i. Regional Solid Waste Association (RSWA): Primary-Hegenauer, Alternate-Becker
- j. SANDAG: Primary-Zito, 1st Alternate-Edson, 2nd Alternate-Becker, and any subcommittees.
- k. SANDAG Shoreline Preservation Committee: Primary-Hegenauer, Alternate-Zito
- l. San Dieguito River Valley JPA: Primary-Hegenauer, Alternate-Zito
- m. San Elijo JPA: Primary-Zito, Primary-Becker, Alternate-City Manager
- n. 22nd Agricultural District Association Community Relations Committee: Primary-Edson, Primary-Harless

STANDING COMMITTEES: (All Primary Members) (Permanent Committees)

- a. Business Liaison Committee – Zito, Edson.
- b. Fire Dept. Management Governance & Organizational Evaluation – Harless, Hegenauer
- c. Highway 101 / Cedros Ave. Development Committee – Edson, Becker
- d. Parks and Recreation Committee – Zito, Harless
- e. Public Arts Committee – Edson, Hegenauer
- f. School Relations Committee – Hegenauer, Harless
- g. Solana Beach-Del Mar Relations Committee – Zito, Edson

ADJOURN:

Next Regularly Scheduled Meeting is September 25, 2019

Always refer the City’s website Event Calendar for updated schedule or contact City Hall.

www.cityofsolanabeach.org 858-720-2400

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } §
CITY OF SOLANA BEACH }

I, Angela Ivey, City Clerk of the City of Solana Beach, do hereby certify that this Agenda for the September 16, 2019 Council Meeting was called by City Council, Successor Agency to the Redevelopment Agency, Public Financing Authority, and the Housing Authority of the City of Solana Beach, California, was provided and posted on September 11, 2019 at 5:30 p.m. on the City Bulletin Board at the entrance to the City Council Chambers. Said meeting is held at 6:00 p.m., September 16, 2019, in the Council Chambers, at City Hall, 635 S. Highway 101, Solana Beach, California.

Angela Ivey, City Clerk
City of Solana Beach, CA

UPCOMING CITIZEN CITY COMMISSION AND COMMITTEE MEETINGS:

Regularly Scheduled, or Special Meetings that have been announced, as of this Agenda Posting. Dates, times, locations are all subject to change. See the [Citizen Commission’s Agenda webpages](#) or the City’s Events [Calendar](#) for updates.

- **Budget & Finance Commission**
Thursday, September 19, 2019, 5:30 p.m. (City Hall)
- **Climate Action Commission**
Wednesday, September 18, 2019, 5:30 p.m. (City Hall)
- **Parks & Recreation Commission**
Thursday, September 12, 2019, 4:00 p.m. (Fletcher Cove Community Center)
- **Public Arts Commission**
Tuesday, September 24, 2019, 5:30 p.m. (City Hall)
- **View Assessment Commission**
Tuesday, September 17, 2019, 6:00 p.m. (Council Chambers)

CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,
PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY



MINUTES

Joint Meeting - Closed Session

Wednesday, April 24, 2019 * 5:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

CITY COUNCILMEMBERS

David A. Zito, Mayor

Jewel Edson, Deputy Mayor

Judy Hegenauer, Councilmember

Kristi Becker, Councilmember

Kelly Harless, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

CALL TO ORDER AND ROLL CALL:

Mayor Zito called the meeting to order at 5:00 p.m.

Present: David A. Zito, Jewel Edson, Judy Hegenauer, Kristi Becker, Kelly Harless

Absent: None

Also Present: Gregory Wade, City Manager
Johanna Canlas, City Attorney

PUBLIC COMMENT ON CLOSED SESSION ITEMS (ONLY): None

Report to Council Chambers and submit speaker slips to the City Clerk before the meeting recesses to closed session.

CLOSED SESSION:

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957

City Manager review.

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9(d)(2)

Two (2) Potential case(s).

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Added 04-22-19

Pursuant to Government Code Section 54956.9(d)(2)

One (1) Potential case(s).

ACTION: No reportable action.

ADJOURN:

Mayor Zito adjourned the meeting at 5:56 p.m.

CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,
PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY



MINUTES

Joint REGULAR Meeting

Wednesday, April 24, 2019 * 6:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

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CITY COUNCILMEMBERS

David A. Zito, Mayor

Jewel Edson, Deputy Mayor

Judy Hegenauer, Councilmember

Kristi Becker, Councilmember

Kelly Harless, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

CALL TO ORDER AND ROLL CALL:

Mayor Zito called the meeting to order at 6:10 p.m.

Present: David A. Zito, Jewel Edson, Judy Hegenauer, Kristi Becker, Kelly Harless

Absent: None

Also Present: Greg Wade, City Manager
Johanna Canlas, City Attorney
Angela Ivey, City Clerk,
Dan King, Assistant City Manager
Mo Sammak, City Engineer/Public Works Dir.
Marie Berkuti, Finance Manager
Joseph Lim, Community Development Dir.

CLOSED SESSION REPORT: None

FLAG SALUTE:

APPROVAL OF AGENDA:

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

PRESENTATIONS: Ceremonial items that do not contain in-depth discussion and no action/direction.

1. Earth Week – Solana Vista

Solana Vista School 2nd and 3rd grade student recited a presentation on helping the earth.

2. Encinitas Half Marathon Presentation

Brad Hanson, Board member, Surfing Madonna's Ocean Project, introduced Mike Redman and Danny Solander, and conveyed their gratitude in working with the City's Public Works department for their event, their use of excess funds they put back into the community, and presented the City of Solana Beach with \$20,000 for the Solana Beach La Colonia Skate Park Project.

ORAL COMMUNICATIONS:

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Tina Sahs spoke about her request of the City to relocate a swarm of bees, the hazmat suited person that appeared to be killing the bees instead of relocating them, the critical importance of bees to the environment, and the City utilizing alternative options to address bees.

James McDonald, Encinitas Bee Company, spoke about his company's relocation of live bees to the San Diego Bee Keeping Society, bees dying at an alarming rate, his biology degree and experience working with Encinitas and Carlsbad in the past to remove bad pesticides, the Insect Apocalypse and the demise of the insects, the IMP program using the least toxic methods of managing insets, and Solana Beach considering adoption of the same program.

Council and Staff confirmed that the City did not use pesticides on public property.

Donald Sahs spoke about neonicotinoids that killed bees get into the system of the plants, the bee's loss of their ability to forage and cannot find their way back home, the City taking a stand and promoting pollinators, acting locally by adopting an Integrated Pest Management Plan currently used by the City of Encinitas with stern language banning neonicotinoids to save bees, and submitted a handout (on file) on the matter.

Jacqueline Ayala introduced Doris Adam-Hillert as the new branch manager of the Solana Beach Library.

Doris Adam-Hillert spoke about coming in as a successor of Pat Tirona, that her own career started in 1999 in Solana Beach for San Diego County Library, returning to the community she was committed to serve, a bee program she was involved in elsewhere, and that the library had many programs for the community.

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1. - A.7.)

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A.1. Register Of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for March 23 – April 05, 2019.

Item A.1. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.2. General Fund Adopted Budget for Fiscal Year 2018-2019 Changes. (File 0330-30)

Recommendation: That the City Council

1. Receive the report listing changes made to the Fiscal Year 2018-2019 General Fund Adopted Budget.

Item A.2. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.3. Fire Marshal Services. (File 0260-10)

Recommendation: That the City Council

1. Adopt **Resolution 2019-049:**
 - a. Approve the Fourth Amendment to the Agreement for Cooperative Management Services reclassifying an Encinitas Deputy Fire Marshal position to a Senior Deputy Fire Marshal (SDFM) position and including this position in the Fire Management Cooperative Agreement (FMA); and
 - b. Authorizing an increase in the contribution to the annual Fire Services Budget in the amount of \$27,225 to support the SDFM position.

Item A.3. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.4. Trash Abatement Services. (File 0700-20)

Recommendation: That the City Council

1. Adopt **Resolution 2019-044**:

- a. Authorizing the City Manager to execute a Professional Services Agreement with Partnerships With Industry, in an amount not to exceed \$33,600, for trash abatement, minor landscaping and other duties as assigned in public areas.
- b. Authorizing the City Manager, at his sole discretion, to extend the Professional Service Agreement with Partnerships With Industry, in an amount not to exceed \$33,600, for up to four additional years, at the City's option based on satisfactory past performance.

[Item A.4. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.5. Emergency Storm Drain Repair Report - Update No. 1 (File 0840-50)

Recommendation: That the City Council

1. Receive the updated report and provide further direction, if necessary.

[Item A.5. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.6. Ticket Distribution Policy. (File 0440-60)

Recommendation: That the City Council

1. Adopt **Resolution 2019-042** establishing Administrative Procedures Policy "Ticket Distribution Policy."

[Item A.6. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

A.7. Minutes of the City Council.

Recommendation: That the City Council

1. Approve the Minutes of the City Council Meetings held March 13, 2019.

Approved Minutes http://www.ci.solana-beach.ca.us/index.asp?SEC=F0F1200D-21C6-4A88-8AE1-0BC07C1A81A7&Type=B_BASIC

Motion: Moved by Deputy Mayor Edson and second by Councilmember Hegenauer to approve. **Approved 5/0.** Motion carried unanimously.

C. STAFF REPORTS: (C.1.)

Submit speaker slips to the City Clerk.

C.1. Public Agency Retirement Services (PARS) Presentation. (File 0350-55)

Recommendation: That the City Council

1. Receive the presentation.

Item C.1. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Greg Wade, City Manager, introduced the item.

Chris Tsuda, HighMark Capital, and Jennifer Maza PARS (Public Agency Retirement Services) presented a PowerPoint (on file) reviewing the program which allowed an IRS approved combination trust to prefund retiree medical benefits and a pension rate stabilization program.

Council and Consultants discussed investments that were being actively managed rather than using index funds or exchange traded funds which could be shifted as necessary, that HighMark's asset allocation committee met monthly to review various effects on the markets to determine investment adjustments, the discretionary approach resulting in PARS choosing HighMark but the City could use a direct approach choosing who they want to use as their manager, their investments funds were mostly I-Class Shares (Institutional-Class Shares) with imbedded fees that were extremely low and not detracting from returns, the aim to reduce fossil fuel investments due to the City's Climate Action Plan goals, some occasional investment overlap chosen due to careful research as well as some contrarian specific investing for diversification, and other investments were focused on addressing various markets.

Discussion continued regarding displaying the active and passive investments in relation to their active benchmarks, and that a fact sheet could be provided in the future to outline these comparisons.

Greg Wade, City Manager, stated that they were scheduled to make this presentation to the Budget and Finance Commission but the meeting was canceled due to the lack of a quorum, so it would be shared at a future meeting.

B. PUBLIC HEARINGS: (B.1.)

This portion of the agenda provides citizens an opportunity to express their views on a specific issue as required by law after proper noticing by submitting a speaker slip (located on the back table) to the City Clerk. After considering all of the evidence, including written materials and oral testimony, the City Council must make a decision supported by findings and the findings must be supported by substantial evidence in the record. An applicant or designee(s) for a private development/business project, for which the public hearing is being held, is allotted a total of fifteen minutes to speak, as per SBMC 2.04.210. A portion of the fifteen minutes may be saved to respond to those who speak in opposition. All other speakers have three minutes each. Please be aware of the timer light on the Council Dais.

B.1. Public Hearing: 512, 516, 524, and 538 South Nardo Avenue, Applicant: Ocean Ranch Estates, LLC, Case # 17-15-15. (File 0600-40)

The proposed project meets the minimum objective requirements under the SBMC, could be found to be consistent with the General Plan and could be found, as conditioned, to meet the discretionary findings required as discussed in this report to approve a DRP and a SUB. Therefore, Staff recommends that the City Council:

1. Conduct the Public hearing: Open the Public Hearing; Report Council disclosures; Receive Public Testimony; Close the Public Hearing;
2. Adopt the IS/MND and MMRP in accordance with CEQA.
3. If the City Council makes the requisite findings and approves the project, adopt **Resolution 2019-046** conditionally approving a DRP, SUB and TPM for the first phase of the project which includes subdividing the existing 4.2 acre lot into eight single-family residential lots, demolition of all existing structures onsite, grubbing and clearing the site, grading to create building pads for eight future single-family homes as well as the installation of driveway approaches, wet and dry utilities and right-of-way improvements on property at 512 through 538 South Nardo Avenue, Solana Beach.

[Item B.1. Report \(click here\)](#)

[Item B.1. Staff Report Update #1 \(Updated 4-24-19 at 3:00pm\)](#)

[Item B.1. Supplemental Docs \(Updated 4-24-19 at 2:30pm\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Councilmember Becker recused herself from this item due to a conflict owning property within 500 ft. of the project.

Greg Wade, City Manager, introduced the item.

Corey Andrews, Principal Planner, presented a PowerPoint (on file) on the proposed project.

Mayor Zito opened the public hearing.

Council disclosures.

Council and Staff discussed affordable housing regulations that would fall under the City's previous ordinance rather than the newer ordinance, the applicant being required to provide one unit at their discretion, that the application was proposing two offsite streetlights required for safety purposes during construction for Engineering standards, potential problems with parking on Nardo during construction, affordable housing deed restriction that would be 55 years since it was a rental and not a for-sale unit, and the grading plan and basins representing the drainage route.

Mayor Zito recessed the meeting at 8:15 p.m. for a break and reconvened at 8:20 p.m.

Nick Nicholas, applicant, presented an illustration (on file) of the project. He said that the proposal did not include all details yet, that they had conducted two neighborhood meetings

in 2017 and one meeting in 2018 resulting in preferences for using DG (decomposed granite) for the sidewalk, that rolled curbs were planned with a DG pathway continued around the properties, the preliminary asbestos testing that would be performed by a specialist prior to demo, mitigating for the nesting habitat from recent rains, they would limit the use of generators during construction, and onsite parking during most of construction. He spoke about setting a policy to have initial occupant ownership followed by potential for affordable rentals or sell at a calculation of what an applicant could afford, and other potential options could be considered.

Council and applicant discussed biologist monitoring bird activity, an onsite construction trailer on a ninth parcel, maintaining all parking and construction equipment onsite along with staging areas, and concerns with parking and safety.

Jesse Quinsaas, said he was a resident near the project, supported the project, that neighbors on Fresca had worked with Mr. Nicholas for two yrs., that a very large Torrey Pine tree had grown so large on the border of his property and Fresca that it hovered over his property increasing concerns of safety if it fell, that he had his own insurance company and tree experts analyze it and state it was a danger to his property, and asked to allow it to be removed.

Lana Hartnack said she lived adjacent to lot 9, that she would be the most impacted by the construction but it was a small price to pay for the resulting project, she supported the DG path around the area, preferred to not have a light at the end of the cul-de-sac, that the applicant had been thoughtful about every detail, she looked forward to having the road for her kids to ride their bikes rather than on Nardo, and she supported and approved the project.

Mr. Nicholas, Applicant, said that they had worked on several solutions for the tree and would comply with whatever Council felt was appropriate and would like to address the concern.

Council and the Applicant discussed the tree between his and Mr. Quinsaas's property, the affordable housing and the project being downsized due to density, that the number of years required for occupancy could be changed, the interest in getting the best possible affordable housing results out of the project, that much analysis was done on options of integrating affordable housing including accessory dwelling units, that they might have to find a solution offsite, and whether to establish a rental or sell it with deed restrictions.

Council, Staff, and Applicant discussed adding a deed restriction, the application was for one low-income one-bedroom unit of at least 650 sq. ft., whether Council could dictate if units be low or very low-income, how the affordable requirement might be met, language regarding the time of day or night to monitor nesting activity, establishing onsite electricity as quickly as possible instead of using a generator during construction, traffic and safety concerns, more rural DG walking paths, pedestrian activated cross lights, allowable height of the detention basin, affordable housing of at least 1,000 sq. ft. with sustainability, wiring for electrical vehicles, 9" edge DG walkway, traffic calming with speed humps or speed table, eliminating the light at the end of the cul-de-sac, sticking to existing grade, mitigation of bird nesting, a condition with onsite parking, noticing neighbors of when the construction would commence, traffic control for existing circumstances as well as once the homes are completed, the fee in lieu of 2 sq. ft., whether the existing lot allowed for adding a bedroom, grading and house

placement, and adding language under open space.

Council, Staff, and Applicant continued discussion regarding imposing a covenant for for-rent or for-sale affordable unit, whether to require a minimum of 1,200 sq. ft. and two bedrooms or condition that one unit or more total up to a certain square footage, the 55 yr. covenant was required, the Applicant preferred three bedrooms and two bath with a deed restriction for 55 years before selling to a qualified person, a TIF credit, and the grading issue with the unforeseen consequence pushing the house to Nardito.

Motion: Moved by Councilmember Edson and second by Councilmember Harless to close the public hearing. **Approved 4/0/1 (Recused: Becker).** Motion carried.

Council discussed where the existing grade was at mean sea level, the need to know the existing initial grade at the time of grading, need for mean grade topography of the site, lots 7 and 8 would end up taller due to the topography, and concern about setting a precedent at Feather Acres.

Motion: Moved by Councilmember Edson and second by Mayor Zito to approve with additional conditions of consideration of nesting birds and time of season, obtain electricity immediately so there was no need for a generator, pedestrian activated crosswalk, traffic calming efforts, eliminate streetlight at the end of the cul-de-sac, the intersection streetlight should be on the opposite side of the property, affordable housing at 2 bedrooms, 1,200 sq. ft., 55 years and for low income, could be made available for-sale unit, the DG walkway on the street (not concrete), two-weeks advanced notice to surrounding area of construction commencing, no open space projections, view assessment will be based upon lower of existing or any future proposed grade. **Approved 4/0/1 (Recused: Becker)** Motion carried.

C. STAFF REPORTS: (C.2. - C.3.)

Submit speaker slips to the City Clerk.

C.2. Fiber Optic Cables in Public Right of Way. (File 1000-10-05)

Recommendation: That the City Council

1. Receive the report and provide feedback on the terms of the proposed Template Agreement for Fiber Optic Cables in the Public Right of Way.

[Item C.2. Report \(click here\)](#)

[Item C.2. Supplemental Docs \(Updated 4-24-19 at 4:30pm\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

John Osborne, AT&T representative, said the telecom carriers put infrastructure in the public's hands for internet and wireless needs, requested that Council allow Staff to coordinate and communicate with the carriers to include their feedback, that one item appeared to be in conflict with state law, that they were a carrier under 7901 of the California Public Utilities Code with certain rights, that rules and regulations were put in place by the Federal Government for cities to have some guidelines for small cell facilities as it related to

local vertical elements in the public right-of-way, and that they would like to work with the city on this issue for a better outcome.

No action. This item would return at the next Council meeting.

C.3. Parks and Recreation Citizen Commission Appointment. (File 0120-06)

Recommendation: That the City Council

1. Appoint one (1) member to the **Parks and Recreation** Commission nominated/appointed by *Council-at-large* for a term ending January 2021.

Item C.3. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Councilmember Harless and second by Councilmember Becker to appoint Steve Felger. **Approved 4/1 (Noes: Edson)** Motion carried.

COMPENSATION & REIMBURSEMENT DISCLOSURE: None

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: Council Committees

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

STANDING COMMITTEES: (All Primary Members) (*Permanent Committees*)

ADJOURN:

Mayor Zito adjourned the meeting at 10:30 p.m.

CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,
PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY



MINUTES

Joint Meeting - Closed Session
Wednesday, May 08, 2019 * 5:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

CITY COUNCILMEMBERS

David A. Zito, Mayor

Jewel Edson, Deputy Mayor

Judy Hegenauer, Councilmember

Kristi Becker, Councilmember

Kelly Harless, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

CALL TO ORDER AND ROLL CALL:

Mayor Zito called the meeting to order at 5:00 p.m.

Present: David A. Zito, Jewel Edson, Judy Hegenauer, Kristi Becker
Absent: Kelly Harless
Also Present: Gregory Wade, City Manager
Johanna Canlas, City Attorney

PUBLIC COMMENT ON CLOSED SESSION ITEMS (ONLY): None

*Report to Council Chambers and submit speaker slips to the City Clerk
before the meeting recesses to closed session.*

CLOSED SESSION:

- 1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Pursuant to Government Code Section 54956.9(d)(2)
One (1) Potential case(s).
- 2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
Pursuant to Government Code Section 54956.9(d)(1)
Langer v. City of Solana Beach (Case No.19CV0312 MMA BLM)
- 3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957
City Manager review.

ACTION: No reportable action.

ADJOURN:

Mayor Zito called the meeting to order at 5:50 p.m.

CITY OF SOLANA BEACH

SOLANA BEACH CITY COUNCIL, SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY, PUBLIC FINANCING AUTHORITY, & HOUSING AUTHORITY



MINUTES

Joint **REGULAR** Meeting
Wednesday, May 08, 2019 * 6:00 p.m.

City Hall / Council Chambers, 635 S. Highway 101, Solana Beach, California

- City Council meetings are video recorded and archived as a permanent record. The [video](#) recording captures the complete proceedings of the meeting and is available for viewing on the City's website.
- Posted Reports & Supplemental Docs contain records up to the cut off time prior to meetings for processing new submittals. Complete records containing meeting handouts, PowerPoints, etc. can be obtained through a [Records Request](#).

CITY COUNCILMEMBERS

David A. Zito, Mayor

Jewel Edson, Deputy Mayor

Judy Hegenauer, Councilmember

Kristi Becker, Councilmember

Kelly Harless, Councilmember

Gregory Wade
City Manager

Johanna Canlas
City Attorney

Angela Ivey
City Clerk

CALL TO ORDER AND ROLL CALL:

Mayor Zito called the meeting to order at 6:03 p.m.

Present: David A. Zito, Jewel Edson, Judy Hegenauer, Kristi Becker

Absent: Kelly Harless

Also Present: Greg Wade, City Manager
Johanna Canlas, City Attorney
Angela Ivey, City Clerk,
Dan King, Assistant City Manager
Mo Sammak, City Engineer/Public Works Dir.
Marie Berkuti, Finance Manager
Joseph Lim, Community Development Dir.

CLOSED SESSION REPORT: None

FLAG SALUTE:

APPROVAL OF AGENDA:

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

PROCLAMATIONS/CERTIFICATES: *Ceremonial*

Bike Month

Mayor Zito presented a proclamation to Doug Jensen for Bike Month and announced two events on May 8th and May 16th.

ORAL COMMUNICATIONS:

This portion of the agenda provides an opportunity for members of the public to address the City Council on items relating to City business and not appearing on today's agenda by submitting a speaker slip (located on the back table) to the City Clerk. Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each presentation is THREE MINUTES (SBMC 2.04.190). Please be aware of the timer light on the Council Dais.

Ashely Mazanec spoke about the City's CCA, SEA, and its one-year anniversary and an event the San Diego Energy District was holding.

COUNCIL COMMUNITY ANNOUNCEMENTS / COMMENTARY:

An opportunity for City Council to make brief announcements or report on their activities. These items are not agendized for official City business with no action or substantive discussion.

A. CONSENT CALENDAR: (Action Items) (A.1. - A.12.)

Items listed on the Consent Calendar are to be acted in a single action of the City Council unless pulled for discussion. Any member of the public may address the City Council on an item of concern by submitting to the City Clerk a speaker slip (located on the back table) before the Consent Calendar is addressed. Those items removed from the Consent Calendar by a member of the Council will be trailed to the end of the agenda, while Consent Calendar items removed by the public will be discussed immediately after approval of the Consent Calendar.

A.1. General Fund Adopted Budget for Fiscal Year 2018-2019 Changes. (File 0330-30)

Recommendation: That the City Council

1. Receive the report listing changes made to the Fiscal Year 2018-2019 General Fund Adopted Budget.

Item A.1. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.2. Register Of Demands. (File 0300-30)

Recommendation: That the City Council

1. Ratify the list of demands for April 06 – April 19, 2019.

Item A.2. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.3. Del Mar Building Services Agreement. (File 0820-20)

Recommendation: That the City Council

1. Adopt **Resolution 2019-053** authorizing the City Manager to execute an agreement with the City of Del Mar to license space at Solana Beach City Hall for Del Mar building permit and plan check services

[Item A.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.4. Firehouse Subs Grant (File 0260-40)

Recommendation: That the City Council

1. Adopt **Resolution 2019-048**:
 - a. Accepting the awarded equipment from Firehouse Subs Public Safety Foundation grant program.
 - b. Appropriating \$34,098 to Grant Revenue and Fire Department Equipment in the Public Safety Special Revenue fund.
 - c. Authorizing the City Treasurer to amend the Fiscal Year 2018/19 Adopted Budget accordingly.

[Item A.4. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.5. Emergency Storm Drain Repair Report - Update No. 2 (File 0840-50)

Recommendation: That the City Council

1. Receive Update No. 2 and provide further direction, if necessary.

[Item A.5. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.6. Quarterly Investment Report. (File 0350-44)

Recommendation: That the City Council

1. Accept and File the Cash and Investment Report for the quarter ended March 31, 2019.

[Item A.6. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.7. Community Grant Program Fiscal Year 2019/20. (File 0330-25)

Recommendation: That the City Council

1. Approve **Resolution 2019-056** authorizing the Fiscal Year (FY) 2019/20 Community Grant Program.

[Item A.7. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.8. Americans with Disability (ADA) Pedestrian Ramps. (File 0820-20)

Recommendation: That the City Council

1. Adopt **Resolution 2019-051**:
 - a. Authorizing the City Council to accept as complete the ADA Pedestrian Ramps Project, Bid No. 2018-05, constructed by LC Paving & Sealing.
 - b. Authorizing the City Clerk to file a Notice of Completion.

[Item A.8. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.9. City Streets Concrete Repairs Project, Bid 2019-02. (File 0820-35)

Recommendation: That the City Council

1. Adopt **Resolution 2019-050**:
 - a. Awarding the construction contract to Dick Miller Inc, in the amount of \$71,081, for the 2019 City Streets Concrete Repairs Project, Bid 2019-02.
 - b. Approving an amount of \$10,000 for construction contingency.
 - c. Authorizing the City Manager to execute the construction contract on behalf of the City.
 - d. Authorizing the appropriation of \$76,161 to the project budget unit in the Gas Tax fund.
 - e. Authorizing the appropriation of \$3,800 in developer deposits into the project budget unit in the City CIP fund.
 - f. Authorizing the City Treasurer to amend the FY 2018/19 Adopted Budget accordingly.

[Item A.9. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.10. As-Needed, Repair Services Agreement for City-wide Facilities. (File 0700-25)

Recommendation: That the City Council

1. Adopt **Resolution 2019-055**:

- a. Authorizing the City Manager to execute an agreement with Lalley Construction, in the amount of \$14,000, for on-call, as-needed repair services for Fiscal Year 2019/2020.
- b. Authorizing the City Manager to renew the agreement, on a yearly basis, for the next four years at the City's option.

Item A.10. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.11. Traffic Signal Modification Improvements at the Lomas Santa Fe/Nardo Intersection. (File 0860-55)

Recommendation: That the City Council

1. Adopt **Resolution 2019-045:**

- a. Approving an amendment to the Professional Service Agreement with STC Traffic, Inc. to increase the agreement by \$10,000, for preparation of design plans, specifications and cost estimate for signal and intersection modifications to improve pedestrian safety at Lomas Santa Fe and Nardo, for a not-to-exceed agreement amount of \$20,000 for the 2018/2019 fiscal year.
- b. Authorizing the City Manager to execute the amendment to the Professional Services Agreement on behalf of the City.

Item A.11. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

A.12. Fire Replacement Vehicle for the Fire Department. (File 0370-26)

Recommendation: That the City Council

1. Adopt **Resolution 2019-047** authorizing the purchase of a Ford F-250 XLT Four-Wheel Drive Pickup Truck, including outfitting of the vehicle, for an amount not to exceed \$92,800 for use by the Fire Battalion Chief.

Item A.12. Report (click here)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Motion: Moved by Deputy Mayor Edson and second by Councilmember Becker to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

B. PUBLIC HEARINGS: (B.1.)

This portion of the agenda provides citizens an opportunity to express their views on a specific issue as required by law after proper noticing by submitting a speaker slip (located on the back table) to the City Clerk. After considering all of the evidence, including written materials and oral testimony, the City Council must make a decision supported by findings and the findings must be supported by substantial evidence in the record. An applicant or designee(s) for a private development/business project, for which the public hearing is being held, is allotted a total of fifteen

minutes to speak, as per [SBMC 2.04.210](#). A portion of the fifteen minutes may be saved to respond to those who speak in opposition. All other speakers have three minutes each. Please be aware of the timer light on the Council Dais.

B.1. Public Hearing: 221 North Acacia Avenue, Applicant: Thompson, Case 17-18-27. (File 0600-40)

The proposed project meets the minimum objective requirements under the SBMC, could be found to be consistent with the General Plan and may be found to be consistent with the General Plan and may be found, as conditioned, to meet the discretionary findings required as discussed in this report to approve a DRP (Development Review Permit) and administratively issue a SDP (Structure Development Permit). Therefore, Staff recommends that the City Council:

1. Conduct the Public Hearing: Open the Public Hearing; Report Council disclosures; Receive Public Testimony; Close the Public Hearing.
2. Find the project exempt from the California Environmental Quality Act pursuant to Section 15303 of the State CEQA Guidelines; and
3. If the City Council makes the requisite findings and approves the project, adopt **Resolution 2019-052** conditionally approving a DRP and an SDP to remodel the existing single-family residence, construct a first floor addition, and new second story and perform associated site improvements 221 N. Acacia Avenue, Solana Beach.

[Item B.1. Report \(click here\)](#)

[Item B.1. Supplemental Docs \(Updated 5-8 at 5:30pm\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Greg Wade, City Manager, introduced the item

Regina Ochoa, Assistant Planner, presented a PowerPoint (on file).

Mayor Zito opened the public hearing.

Council disclosures.

Gary Cohen, Applicant representative, reviewed the project's features, compatibility with many homes in the area, plans to install charging station for electric cars, and adding solar iF it fit within the budget or adding it in the future.

Scott Thompson, applicant, spoke about his family, his family's background in the community, and their interest in this home.

Council and Applicant discussed the tandem garage and the couple's schedules working fine with that design, the incorporation of EV chargers and solar panels, the design of a flat front, considering pushing back the master bedroom portion to fit better with the setbacks of the adjacent homes, the significant costs along with the grading in order to build a second-story addition outside of the footprint of the existing structure, issues of integrating

a remodel with existing walls and footprint, pushing back or removing the roof covering over the second-story, and a gable that hung out over it.

Motion: Moved by Councilmember Edson and second by Councilmember Becker to close the public hearing. **Approved 4/0/1** (Absent: Harless). Motion carried.

Council discussed that the good design, environmentally smart, some lack of articulation, cost of some changes, and the Applicant's willingness to reduce the overhang over the patio.

Motion: Moved by Councilmember Edson and second by Councilmember Becker to reopen the public hearing. **Approved 4/0/1** (Absent: Harless). Motion carried.

Council and the Applicant discussed whether they would be open to reducing the overhang to a standard overhang over the patio, that the gable projects out 1 – 1 ½ ft., and that the Applicant would agree to do a standard two feet.

Motion: Moved by Councilmember Edson and second by Councilmember Hegenauer to close the public hearing. **Approved 4/0/1** (Absent: Harless). Motion carried.

Motion: Moved by Councilmember Edson and second by Councilmember Becker to approve with additional condition reducing the second story overhang to a standard overhang of 2 ft. **Approved 4/0/1** (Absent: Harless). Motion carried.

C. STAFF REPORTS: (C.1. - C.3.)
Submit speaker slips to the City Clerk.

C.1. Shared Mobility Pilot Program Operator License Agreement with Gotcha Mobility, LLC. (File 0840-40)

Recommendation: That the City Council

1. Adopt **Resolution 2018-059** authorizing the City Manager to enter into the Shared Mobility Device Pilot Program Operator License Agreement with Gotcha Mobility, LLC.

[Item C.1. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Greg Wade, City Manager, introduced the item and said that Gotcha Mobility is a combined effort for shared mobility of bikes within the cities of Oceanside, Del Mar, Encinitas, and Solana Beach, and was working with Camp Pendleton and NCTD.

Dan King, Assistant City Manager, presented a PowerPoint (on file) reviewing the meeting of cities and the goal to select one vendor for the north region, to be more orderly and consistent with the connecting cities of Del Mar and Encinitas which had approved an operator license, possible issues that may occur, the program starting with 100 bikes in Solana Beach, a requirement of geo-fencing and rapid response from the vendor if issues did

arise, sponsorship, and liability.

Stefan Winkler, Gotcha Mobility, presented a PowerPoint (on file) reviewing the purpose and history of the company, bike design, system of storage, maps and guidelines, responsibility, addressing issues raised, and how they differ from other companies.

David Townsend, Gotcha, spoke about hiring a community manager, brand ambassadors, and fleet mechanics to rebalance bikes among hubs for availability and recharge batteries, what determines the size of needed staffing, reserving bikes, age requirements, ride data, riders using the bikes without smartphones, and a timeline for implementing the program.

Council and Staff discussed the use of SEA green power, modifying the language regarding sold data, and the number of bikes to start with.

Motion: Moved by Councilmember Edson and second by Councilmember Hegenauer to approve with modified language. **Approved 4/0/1** (Absent: Harless). Motion carried.

Mayor Zito recessed the meeting at 7:51 p.m. for a break and reconvened at 7:56 p.m.

C.2. Solid Waste Rate Review Prop 218 Notification. (File 1030-15)

Recommendation: That the City Council

1. Adopt **Resolution 2019-057** setting the Solid Waste Rate Review Public Hearing protest vote for June 26, 2019.

[Item C.2. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Greg Wade, City Manager, introduced the item.

Dan King, Assistant City Manager, presented a PowerPoint (on file) explaining the rate increase would be for a recycling program of organic/food waste in order to comply with mandatory state requirements. He spoke about the goals to reduce landfill waste by 50% for 2020 and 75% for 2025, third party haulers could also dispose of this type of waste through EDCO's anaerobic digester, which still have to be built.

Steve South, EDCO, CEO, said that the program would be implemented through 2025, starting with commercial generators who service residential and commercial recycling since these already had a green waste container in their program, and that those without a source separator program would be transitioned in later.

Council, Staff and Mr. South discussed processes for commercial and restaurant waste, the approximate 3,300 single family residents and 114 business would be impacted for the required participation, how a customer could begin participating, whether those without any green waste would receive the rate increase, self-haulers will be more difficult to manage, that there were 1,383 goals of reducing methane from landfills, that community educational

workshops would be useful, and that the provider would have videos, tools, tracking of the building of the facility, and that this time was to set the public hearing date.

Motion: Moved by Councilmember Edson and second by Councilmember Hegenauer to approve. **Approved 4/0/1** (Absent: Harless). Motion carried.

C.3. Fiber Optic Cables in Public Right-of-Way Construction. (File 1000-10-05)

Recommendation: That the City Council

1. Receive the report and provide feedback on the terms of the proposed Template Agreement for Fiber Optic Cables in the Public Right of Way.

[Item C.3. Report \(click here\)](#)

Posted Reports & Supplemental Docs contain records up to the cut off time, prior to the start of the meeting, for processing new submittals. The final official record containing handouts, PowerPoints, etc. can be obtained through a Records Request to the City Clerk's Office.

Greg Wade, City Manager, introduced the item related to fiber optic networks within the City, and stated that it was for a framework encroachment agreement, that when a request is made to encroach in the city's public right-of-way, the City utilizes an agreement to protect the right-of-way and what is placed in it, and the Public Utilities Commission or the Federal Communications Commission issues a certificate to these carriers, the City needs to review whether it should have a more in depth agreement strictly regulating time, place, and manner. He said that this issue came up due to a recent request submitted by a provider and another provider was preparing to submit a request, that much discussion had taken place with the current requestor in terms of details to ensure the right-of-way is maintained in an appropriate manner and not impaired by the placement of these facilities, that the agreement would allow some flexibility to negotiate the appropriate placement including zoning, pedestrian walkways, etc.

Elizabeth Mitchell, Deputy City Attorney, stated that the City would be exerting reasonable control over the right-of-way, which was required under the law, that whatever agreement is chosen to apply to the first provider would be applied to all future providers to make the treatment of all of them similar.

Council and Staff discussed the City could not prohibit providers from using the right-of-way for these services, the definition of the right-of-way is in the California Government Code, the reference to a 5 yr. period as a starting point was because it would be the first and a local example and maybe based on size of the provider and their funding, the provider was concerned about the short length of a 5 yr. term, law changes rapidly, whether the SEC (Securities Exchange Commission) would give local government more control in the future, exert responsible manner and measures to regulate time, place, manner, that the standard used could not be an effective prohibition, that the fiber optic agreement would apply somewhat to 5G but not necessarily, the cross trenching in the street and how they are all required to meet the same rules, notification requirement of at least a two weeks could be added, and the concern to ensure the work was high quality and done well. Council reached some consensus to direct Staff to include the noticing requirement and a 5-year period.

COMPENSATION & REIMBURSEMENT DISCLOSURE: None

GC: Article 2.3. Compensation: 53232.3. (a) Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel. 53232.3 (d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

COUNCIL COMMITTEE REPORTS: [Council Committees](#)

REGIONAL COMMITTEES: (outside agencies, appointed by this Council)

STANDING COMMITTEES: (All Primary Members) (*Permanent Committees*)

ADJOURN:

Mayor Zito adjourned the meeting at 9:03 p.m.



STAFF REPORT CITY OF SOLANA BEACH

TO: Honorable Mayor and City Councilmembers
FROM: Gregory Wade, City Manager
MEETING DATE: September 16, 2019
ORIGINATING DEPT: City Manager's Department
SUBJECT: **Annual Report on Solana Energy Alliance (SEA) Activities and Operations**

BACKGROUND:

Community Choice Aggregation ("CCA"), authorized by Assembly Bill 117, is a state law that allows cities, counties and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for transmission and distribution services. The goal of a CCA is to provide a higher percentage of renewable energy electricity at competitive and potentially cheaper rates than existing Investor Owned Utilities ("IOU"s), while giving consumers local choices and promoting the development of renewable power sources and programs and local job growth.

The City of Solana Beach's ("City") CCA, Solana Energy Alliance ("SEA"), was established by the City Council through adoption of Ordinance 483 on December 13, 2017 and began serving customers in June 2018. SEA is the first CCA to launch in San Diego Gas & Electric territory and remains the only CCA operating in San Diego County.

This item is before Council to receive the first annual report on SEA activities, operations and preliminary financial results through June 2019. The Council is also being asked to consider providing direction on future JPA partnerships and potentially restructuring SEA goals to better align with potential future JPA goals.

DISCUSSION:

The City Council established SEA with the goal of offering cleaner energy, local control, rate savings compared to San Diego Gas & Electric ("SDG&E") and supporting the Climate Action Plan's aggressive goal of 100% renewable energy by 2035. SEA

CITY COUNCIL ACTION:

launched with its default product, SEA Choice, sourced from 50% renewable and 75% greenhouse gas free sources. In addition, SEA offers SEA Green, it's voluntary 100% renewable energy product option. The City Council also established a goal of providing a 3% rate savings to customers as compared to SDG&E's generation rates.

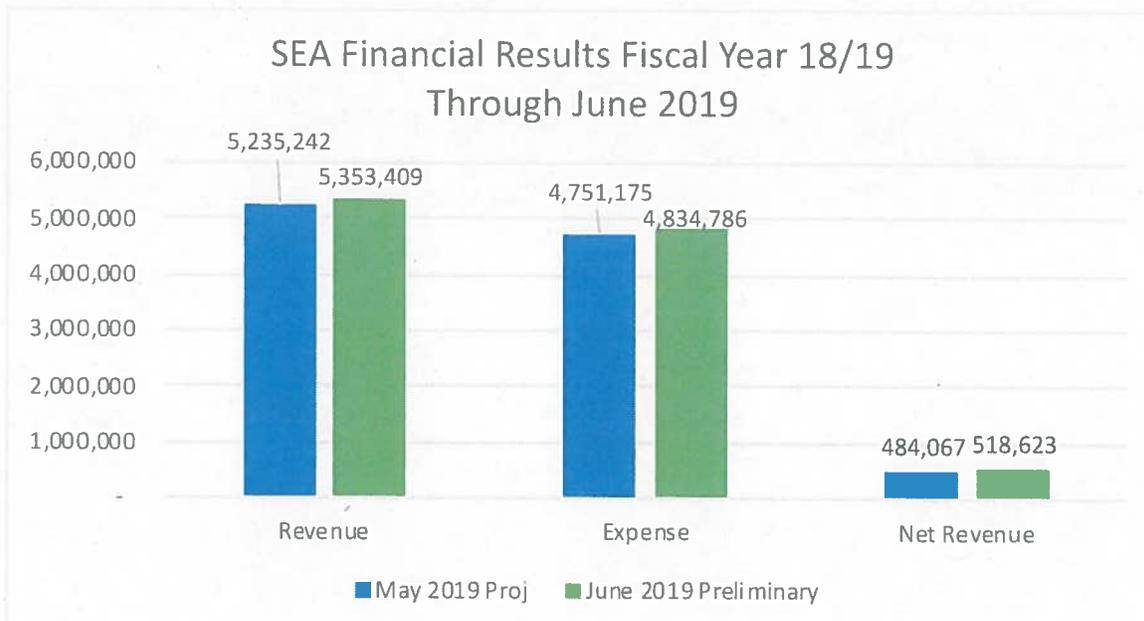
Estimated Customer Savings

Based on current, and projected, rates, and assuming the Council-established 3% rate savings remains in effect, SEA customers are expected to realize over \$1.1M in energy cost (generation only) savings over the next five years as shown in the following table:

	2018	6/1/2018-6/30/2019	2019	2020	2021	2022
Residential Savings	\$122,786	\$173,115	\$110,679	\$114,244	\$125,078	\$127,557
Commercial Savings	\$113,872	\$167,401	\$107,701	\$109,454	\$117,328	\$119,602
Other Savings	\$819	\$1,469	\$1,099	\$1,076	\$1,103	\$1,145
Total Savings	\$237,477	\$341,984	\$219,479	\$224,775	\$243,509	\$248,304

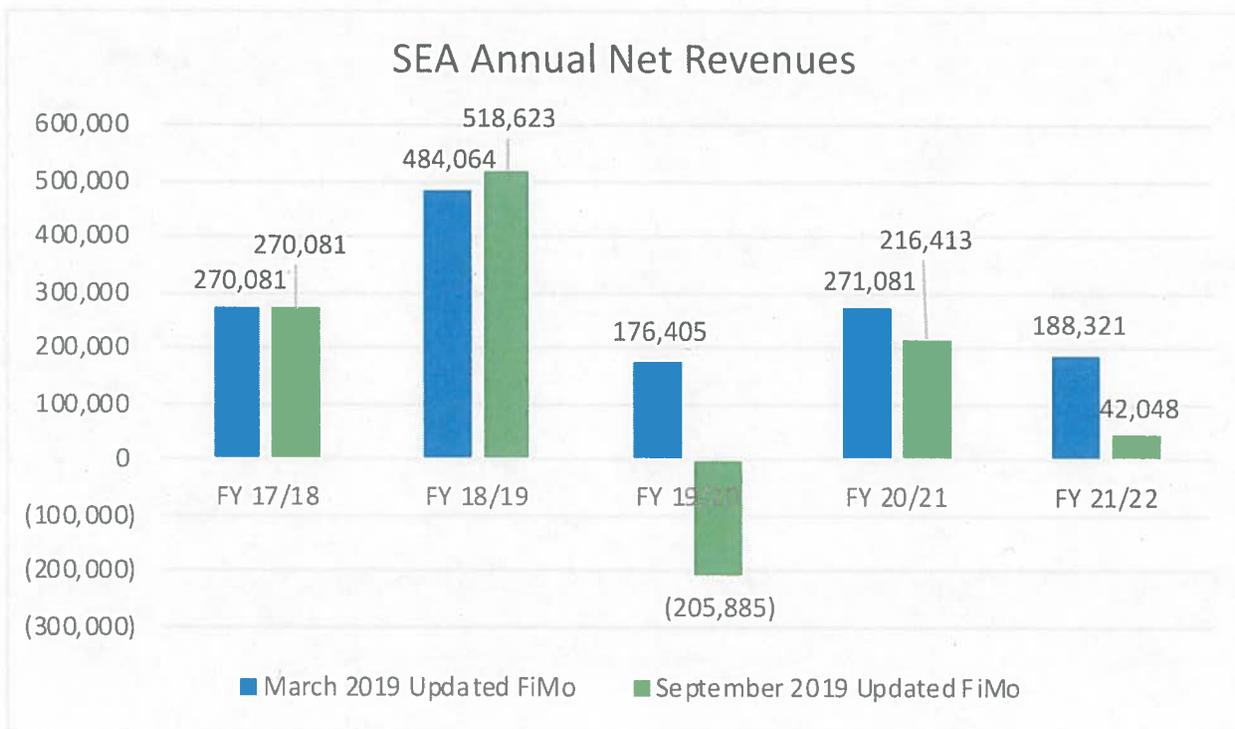
Financial Results

For the Fiscal Year (FY) 18/19, SEA revenues through June 2019 (unaudited) were \$5,353,409, 2.26% above projections and expenditures (unaudited) were \$4,834,786, 1.76% above projections. Overall FY 18/19 net revenue (revenues – expenditures) was \$518,623, exceeding May projections by \$34,556, or 7.14%

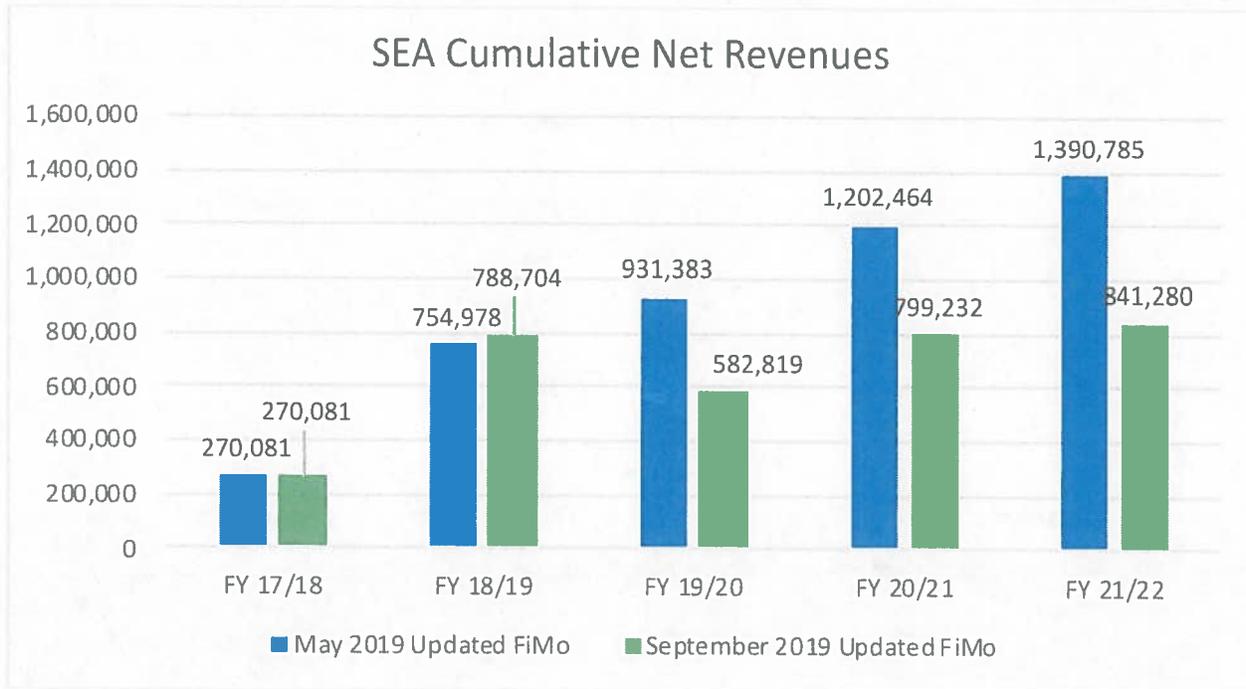


Attachment 1 provides a detailed financial report through June 2019, including internal administrative costs that have been incurred by the City of Solana Beach, such as Staff time and professional consulting services. Beginning in September 2018, City of Solana Beach administrative costs were reimbursed at \$10,000 per month from SEA revenues. Beginning in FY 19/20, the administrative costs reimbursement was increased to \$25,000 per month to better match the actual cost of SEA administration.

The SEA Financial Model (FiMo) has been updated to reflect current SDG&E rate forecasts and energy market conditions. The following charts illustrate the change to anticipated net revenue as a result of these changes (results are shown on a fiscal year basis):



The updated projected net revenue decrease in fiscal years beginning FY 19/20 are due to forecasted reductions in SDG&E generation rates and corresponding increases to the Power Charge Indifference Adjustment (PCIA) or “exit fee”. The FiMo continues to assume the 3% generation rate discount to customers through FY 21/22.



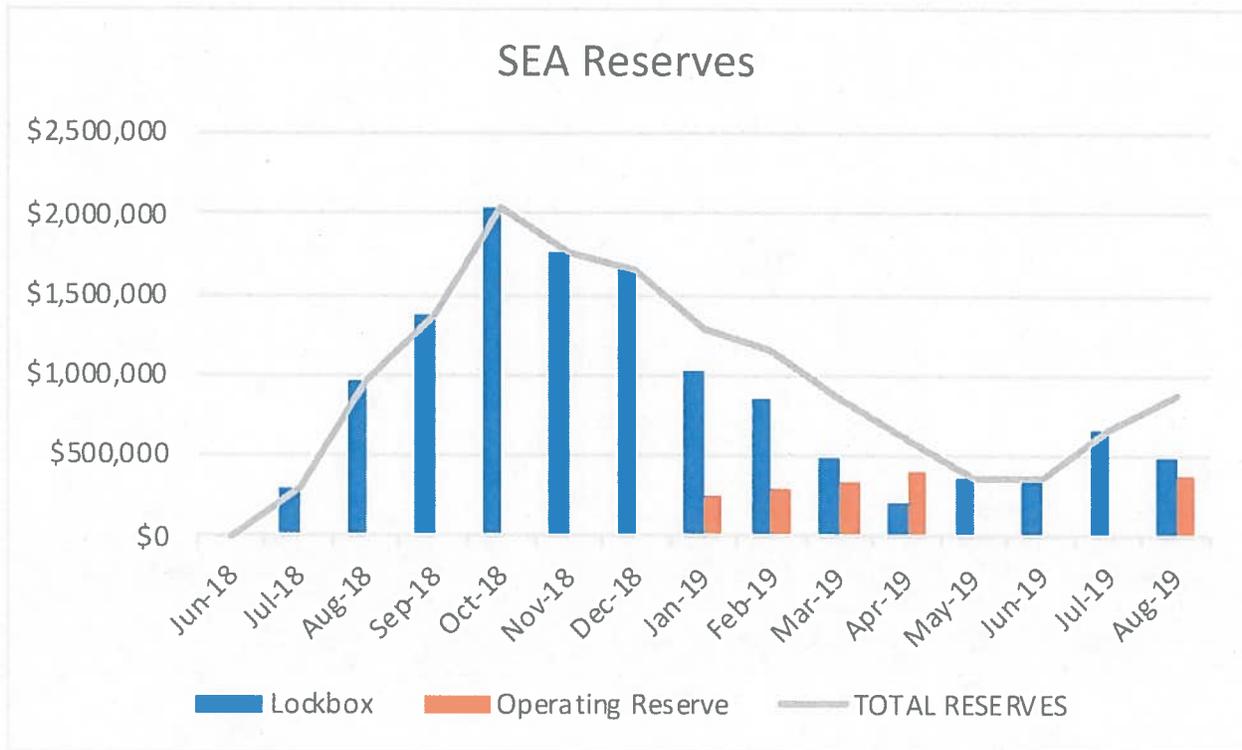
Through 2022, cumulative net revenues are expected to be lower than the May 2019 forecast due to the forecasted changes in SDG&E rates. SEA Staff and consultants are closely monitoring SDG&E rates and will continue to update the FiMo as more information becomes available.

SEA Lockbox and Reserve Requirements

Protection of the City’s General Fund has been, and continues to be, a top priority of the City Council. SEA revenues, which are held as an enterprise fund separately from the General Fund, continue to be the only recourse energy suppliers have for payments both now and in the future.

The agreement with The Energy Authority (“TEA”), that provides the General Fund protections, requires that minimum reserves be established. Those include a \$200,000 minimum reserve in the lockbox and a separate operating reserve that is funded at \$50,000 per month, building to \$550,000 by May 2019.

The chart below reflects the lockbox and operating reserve balance per month through August 2019.



Consistent with what has been experienced, and expected, beginning in October, SEA cash balances continued to decrease through May 2019, then began increasing in June 2019. As of August 31, 2019, the balances were:

Lockbox	\$490,643.07	(Minimum Req \$200,000)
Operating Reserve	\$392,544.75	(Target \$550,000)
Total Cash	<u>\$883,187.82</u>	(Target \$750,000)

As of August 31, 2019, the total cash on hand meets the targets as established in the agreements with TEA.

City of Solana Beach Expenses Supporting SEA

The majority of the monthly expenses related to SEA operations such as power supply, services performed by TEA and data management provided by Calpine Energy Solutions, continue to be paid directly out of the lockbox account. Other expenses such as City Staff time, professional consultant services, and notice mailing, are paid out of the SEA budget, with City funds, averaging \$25,000 per month. Beginning in September 2018, these expenses were being reimbursed to the City out of the SEA lockbox at \$10,000 per month. This amount was increased to \$25,000 per month beginning in July 2019 based on average SEA administration costs. As part of the cash flow update being prepared, the repayment to the City as well as options for increasing the monthly reimbursement will be evaluated.

City Loan

On May 9, 2018, the City Council approved a \$117,000 loan from the General Fund to the SEA Enterprise Fund for expenses related to the SEA start-up. Actual start-up costs resulted in a final loan amount of \$107,493.71. The terms of the loan set repayment to begin in the fiscal year that surplus funds become available. It has been expected that repayment of this loan will be completed in September 2019.

In addition to the start-up loan, SEA has incurred unreimbursed administrative costs through June 30, 2019 in the amount of \$394,677.93 which includes the repayment to Calpine Energy Solutions for the CCA bond in the amount of \$100,000. These administrative costs are now proposed to be scheduled for repayment in two installments, one in February 2020 and another August 2020. All City incurred SEA costs are scheduled to be repaid by August 2020.

Regulatory Proceedings

The City continues to take a lead role in actively participating in a number of regulatory proceedings at the California Public Utilities Commission ("CPUC"), both on its own initiative and in collaboration with other CCA groups. As a Load Serving Entity ("LSE"), both the City and SEA have a vested interest in proceedings that impact SEA customers or that could put SEA at a competitive disadvantage. Among these proceedings, SEA is actively participating in the following:

- Power Charge Indifference Adjustment (PCIA)
 - The second phase of this proceeding considers changes to the formula used to calculate "exit fees" which SEA customers are required to pay. The CPUC is utilizing three "working groups" comprised of both CCA and Utility stakeholders to consider PCIA issues. Group 1 is considering benchmark pricing issues and recently a proposed decision was issued that accepts most of the recommendations from trade organization CalCCA. SEA is a member of CalCCA. Group 2 is considering options to pre-pay exit fees. Group 3 is considering methods to reduce the exit fees, such as optimizing Utility portfolios to reduce stranded costs. The Commission is expected to vote on the the other issues before the working groups in late 2019 and early 2020.
- Integrated Resource Plan (IRP)
 - This proceeding is designed to monitor resource planning and to ensure that California meets its energy and climate goals. It has become controversial due to differences of opinion among LSEs and the Commission about how to conduct the planning and control the process. The Commission is considering combining the IRP with the Renewable

Portfolio Standards (“RPS”) process because they both require similar data and support related end goals.

- Resource Adequacy (RA)
 - Ensuring that Utilities and CCA programs have adequate power to meet peak demand periods has been a primary concern of the CPUC since the energy crisis. Existing rules were designed for Utilities, but now must adjust to the proliferation of CCA programs. The market for RA products has historically been strained in Southern California due to transmission infrastructure problems. The Commission is considering options to address RA market problems, such as a centralized state procurement entity. CalCCA also recently proposed a settlement in that proceeding that would give every opportunity to CCA programs to procure their own RA, and authorize a central buyer to purchase remaining capacity that may be necessary. CCA customers would then pay a pro rata fee for that power.

SEA’s regulatory attorney, Ty Tosdal, will further explain these proceedings at the Council meeting and be available for questions.

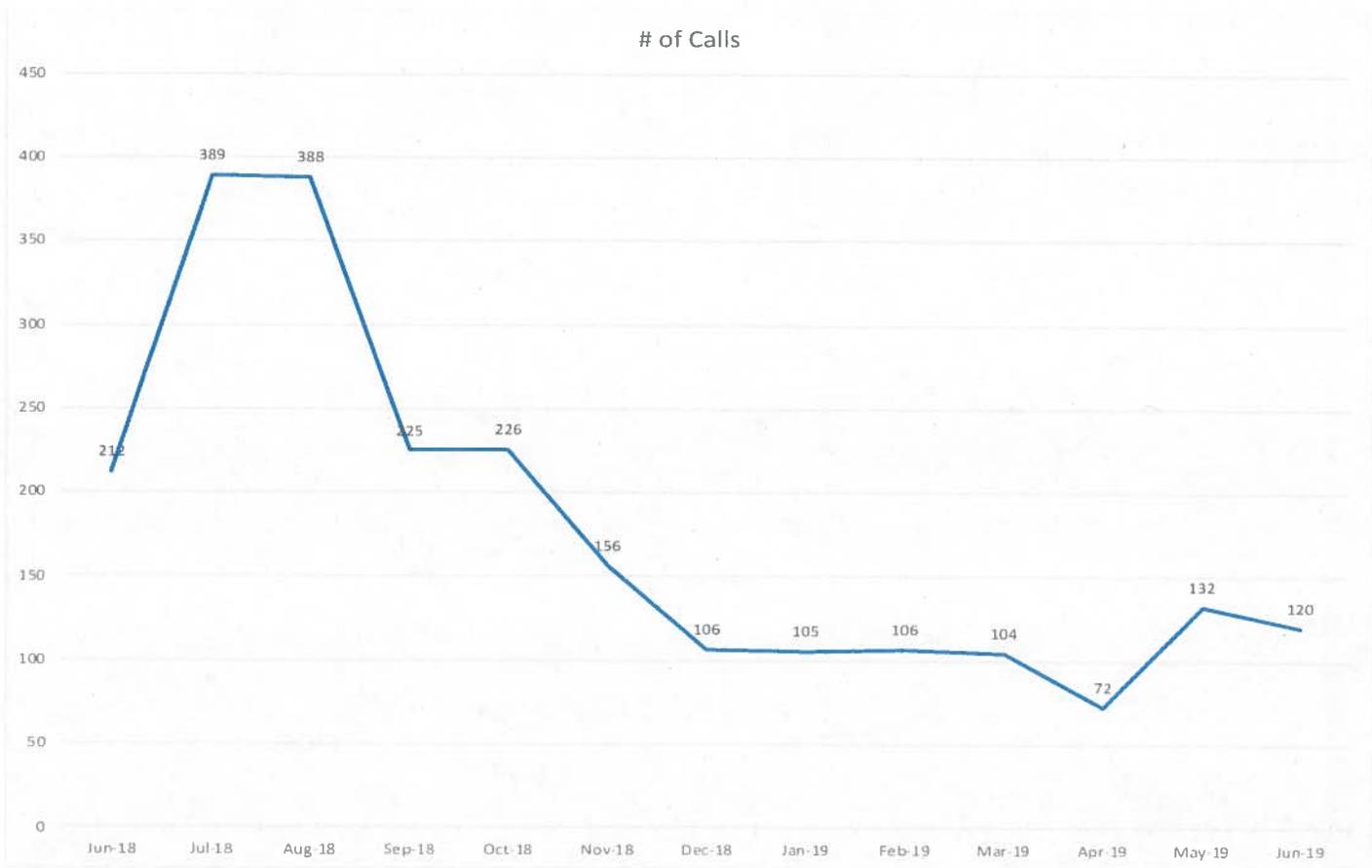
Risk Management Policy

At its March 14, 2018 meeting, the City Council adopted an Energy Risk Management Policy (“ERMP”) that established SEA’s Energy Risk Management Program including risk management functions and procedures to manage the risks associated with power procurement activities. The ERMP documents the framework by which management, Staff and TEA:

- Identify and quantify risk
- Develop and execute procurement strategies
- Create a framework of controls and oversight
- Monitor, measure and report on the effectiveness of SEA

Consistent with the ERMP, monthly meetings have been held with City management, Staff and TEA to review SEA results, current market conditions, and changing regulatory environment and to develop procurement strategies that minimize risk to SEA under the current operating environment. Due to the impacts of the recent rate forecast, and consistent with the ERMP, Staff and TEA recommend that the Council consider delaying repayment of both the start-up loan and administrative costs to the City until 2021.

Call Center Statistics



Calls to the Call Center continue to trend lower than in 2018, however, calls did increase in May and June due to calls related to the annual Net Energy Metering true-up.

Overall Results

SEA continues to meet the goals set out by the City Council of local control and providing cleaner energy at a reduced rate. Despite the current cash flow challenges, SEA's financial outlook is positive over the next five years.

Regional Joint Powers Authority (JPA) Discussions

The City has been actively engaged in regional discussions regarding the potential development of a JPA or similar governance structure that would allow the City to join with other jurisdictions to form a larger, regional CCA. With the City of San Diego's progress in developing a JPA and attracting partners and the North County cities taking action to pursue their preferred JPA option, now is the time for the City to determine what might be best for the overall long-term success of SEA.

Currently, there are two JPA options that SEA could consider joining. Both options are viable and come with associated advantages and disadvantages. Staff has been engaged in discussions regarding both options and has been assisting in the formation process, including the development of term sheets and preliminary JPA formation documents. Both options are on track to develop and submit an Implementation Plan by the end of December 2019 with an anticipated launch in early 2021. The following is a brief summary of both options for Council consideration and possible direction.

North County (Partner) JPA Option

The first option is the North County JPA option which includes the cities of Carlsbad and Del Mar and possibly the County of San Diego (County). Originally, the cities of Carlsbad, Del Mar, Encinitas and Oceanside joined together to complete the North San Diego County Cities CCE Technical Feasibility Study. Since completion of the study, the City of Oceanside decided to withdraw from the discussion at this time. After completion of the Technical Study, the cities of Carlsbad, Del Mar and Encinitas completed a CCA Government Analysis Report looking at potential CCA governance options.

On August 20, 2019, the City of Carlsbad voted 4-0 to negotiate and enter into a Partner CCA JPA with the cities of Del Mar, Encinitas and other potential partner agencies based on a recommendation from their City Council CCA Subcommittee.

On August 21, 2019, the City of Encinitas voted 5-0 to accept a recommendation from their CCA Subcommittee to join the City of San Diego led JPA.

On September 9, 2019, the City of Del Mar voted 5-0 to accept a recommendation from their CCA Subcommittee to negotiate and enter into a Partner CCA JPA with the cities of Carlsbad and Solana Beach and other potential partners.

On September 10, 2019, the County Board of Supervisors voted 3-2 to negotiate with the cities of Carlsbad and other potential partners on a Partner CCA JPA.

After the City of Encinitas' decision to join the San Diego led CCA JPA, the City of Carlsbad led discussions with staff from Solana Beach and Del Mar to continue the exploration of a three-city North County CCA JPA option without the City of Encinitas. The discussions expanded to include other potential partner agencies (e.g., the County of San Diego and cities in northeast San Diego County) that have expressed interest in pursuing CCA programs.

City of San Diego JPA Option

Since December 2018, Staff has participated in regional discussions led by the City of San Diego on the formation of a regional CCA program under a JPA governance structure. Agencies that have participated in these discussions include the Cities of Del Mar, Chula Vista, La Mesa, Santee, Solana Beach, Carlsbad, Oceanside, Encinitas,

and the County of San Diego. The City of San Diego prepared a draft JPA term sheet and schedule based on the collective feedback received at these meetings.

On July 17, 2019, staff from the Cities of Del Mar, Solana Beach, Carlsbad, and Encinitas jointly submitted formal comments on San Diego’s draft JPA term sheet, the most significant being a request to remove a provision that allows the option to call for a weighted vote after an equal vote (one-city/one-vote) is taken. The City of San Diego did not accept the request to eliminate weighted voting.

On August 13, 2019, the cities of La Mesa and Chula Vista voted to enter into negotiations with the City of San Diego over the formation of a regional CCA JPA with votes of 5-0 and 3-2, respectively. With these cities (and the City of Encinitas) formally stating their intention to be part of the City of San Diego led JPA, the City of San Diego has the partners necessary to negotiate the formation of a JPA with a goal of launching a regional CCA program in 2021.

The following tables compare the key terms of both JPA options as well as the pros and cons.

Table 1. Community Choice Aggregation JPA Options Term Comparison

	San Diego Regional CCA*: (Cities of San Diego, Chula Vista, Encinitas, La Mesa)	Partner CCA JPA: Cities of Del Mar, Carlsbad, Solana Beach and other potential partners
Ready to file implementation plan	December 2019	December 2019
Launch date	2021	2021
Base product	50% or more renewables	50% or more renewables
Long term goal	100% renewable electricity sources by 2035	Each member has the flexibility to choose its energy source mix, above the minimum 50% renewable baseline, provided it is cost effective for the JPA and does not preclude other members from meeting their CAP goals. <i>The Cities of Del Mar and Solana Beach have a long-term CAP goal of 100% renewable energy by 2035.</i>
Rates	Maintain cost competitive rates. Discount programs for low-income customers will be maintained. Will establish economic development rates	Maintain cost competitiveness by targeting a generation rate at least 2% below SDG&E’s. Residential net energy metering and discount programs for low-income customers will be maintained.
Membership	Open to public agencies in the San Diego region	Open to public agencies in the San Diego region

New members	To be admitted by 2/3 vote of all current members. New members cannot begin service until 2022 if not part of the implementation plan filed December 2019.	New members will be allowed to enter the JPA on the terms offered founding members until October 2020 unless it is determined admitting them would create and undue risk or financial burden to the JPA or the achievement of member agency CAP goals. After that, new members would be admitted by 2/3 vote of JPA board. New members must have completed a CCE feasibility study and adopted a CCE implementing ordinance.
How discretionary revenues are spent	JPA decision, with a commitment to investment in communities of concern and those with unique energy needs, such as rebuilding after wildfires. No energy from unbundled Renewable Energy Certificates.	JPA decision with provisions to allow member agencies to direct a portion of surplus funds according to their priorities.
Labor	Create local jobs, a skilled and trained workforce.	Pursue development of local renewable power with an emphasis on local jobs where appropriate, but not limiting fair and open competition for projects or programs implemented by the JPA. The JPA will seek to maximize regional economic benefits.
Non-power startup costs	Covered by City of San Diego; waived for other founding members. City of San Diego to be paid back through JPA revenues.	Split evenly among members. Costs will be reimbursed from JPA operating revenues.
Voting and representation	All votes start with an Equal Vote (one member/Director, one vote) with a simple majority to carry. 3 or more members can call for a weighted vote, which would apportion voting power by each members' percentage of the JPA's annual energy use. No one party shall have a voting share of more than 49%.	Each member agency gets an equal vote.
Local generation	Prioritize/weight procurement of	The JPA will pursue the

	local generation developed by member jurisdictions.	procurement of local generation developed by member jurisdictions subject to a JPA Board determination that such opportunities prove cost effective. Members could control a portion of surplus revenues, which they could choose how to invest.
Eminent domain	Requires a 3/4 vote	Requires a 2/3 vote + an affirmative vote by the home jurisdiction.

*Based on the Draft San Diego Regional CCA JPA Term Sheet and Draft San Diego Regional CCA JPA Agreement (dated 6/27/2019 and 8/7/2019, respectively)

Table 2. Pros and Cons of Community Choice Aggregation JPA Options

	Pros	Cons
San Diego Regional CCA*: (Cities of San Diego, Chula Vista, Encinitas, La Mesa)	<ul style="list-style-type: none"> • Large enough to benefit from economies of scale (# of meters) • Greater total revenue potential • Potential to implement CCA programs faster • CAP goals align with partner cities • Ability to launch in 2021 • Regional CCA program consistency • More legislative/lobbying influence • San Diego will cover member agency startup costs (to be later reimbursed by the JPA) 	<ul style="list-style-type: none"> • Potential for administrative inefficiencies and rigidity in decision making if JPA expands to encompass entire region • Weighted vote – less local control for Solana Beach <ul style="list-style-type: none"> ◦ If a weighted vote is called it would appear that San Diego would have an automatic veto based on the weighted vote allocation • Dissimilar load profiles to the partner cities (e.g., geographic diversity) • No potential for proportional revenue sharing among members • No regional proforma was provided to understand the potential costs for start up “that would be paid back to San Diego”
Partner CCA JPA: Cities of Del Mar, Carlsbad, Solana Beach and other potential partners	<ul style="list-style-type: none"> • Large enough to benefit from economies of scale (# of meters) yet nimble enough to act quickly during the first years or 	<ul style="list-style-type: none"> • Less total revenue potential than San Diego JPA • Potentially could take longer to implement CCA

	<p>until more agencies join</p> <ul style="list-style-type: none"> • More local control (equal vote, one vote for each City) • CAP goals align with partner cities • Ability to launch in 2021 • Potential to direct a proportion of revenues back to Solana Beach for tailored CCA programming • Provides choice in the County by offering another CCA program 	<p>programs</p> <ul style="list-style-type: none"> • Solana Beach may have to contribute startup costs that will be reimbursed by the JPA
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Both CCA JPA options provide certain benefits to Solana Beach. However, based on a thorough analysis of the two available options, Staff recommends the City negotiate and enter into a CCA JPA with the cities of Carlsbad and Del Mar and other potential partners to implement a CCA program. This recommendation is made for the following key reasons:

- **Voting** – the equal vote / no weighted vote option of the Partner CCA JPA offers Solana Beach the maximum influence on decisions and reduces the risk that the future JPA will make decisions contrary to Solana Beach’s goals and objectives.
- **Local Control** – the Partner CCA JPA option offers the potential for Solana Beach to receive a proportional share of future CCA revenues to tailor CCA-related programs directly for our ratepayers. In addition, it allows local residents to positively impact the ongoing operations of the JPA because their representative on the JPA Board would have an equal vote on JPA related matters and would not be potentially overridden by a weighted vote.
- **Choice** – two CCA programs in San Diego County will offer more customer choice, foster healthy competition and opportunities for collaboration, and may spur innovation in programming between the two JPAs.
- **Size** – a Partner CCA JPA with the cities of Del Mar, Solana Beach and Carlsbad is large enough (in terms of number of meters) to optimize overhead and wholesale power supply costs while not requiring a large organizational structure and would not negatively impact the energy marking when purchasing power.
- **Common Interests** – the cities of Del Mar, Solana Beach and Carlsbad share common coastal locations, similar geographies and corresponding electricity load profiles, and have a proven track record of working together to achieve common goals.

Alignment of SEA Goals

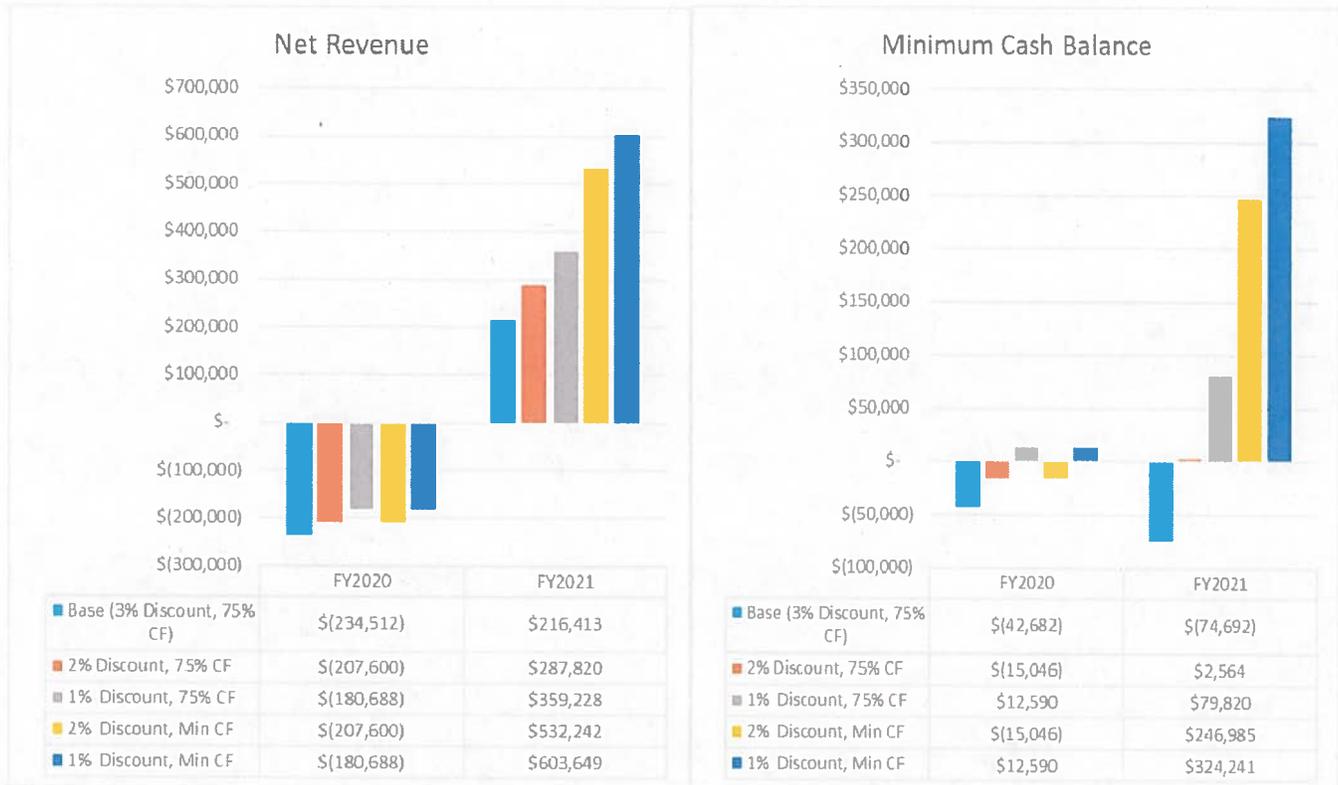
Another item for Council to consider is the possibility of aligning current SEA goals with a future JPA. Both JPA options contemplate a baseline option of 50% renewable energy and a 2% rate reduction on the generation rate. To demonstrate what that may look like for SEA's program, TEA has put together the following charts for consideration (program goals would be implemented on January 1, 2020).

Scenarios – No General Fund Repayment



The scenario above shows the Net Revenue and Minimum Cash Balance for FY 2020 and FY 2021 with no General Fund repayment.

Scenarios – General Fund Repayment



The scenario above shows the Net Revenue and Minimum Cash Balance for FY 2020 and FY 2021 with the repayment to the General Fund.

By analyzing the results, if the Council chose to realign the SEA program to perfectly align with both the proposed JPA goals (50% RPS and 2% rate reduction), it is anticipated that SEA could have \$246,985 to contribute to any start-up costs of the new JPA (after repayment of the General Fund), if needed. These funds would be reimbursed to the City after the new JPA is operational and receiving revenue.

CEQA COMPLIANCE STATEMENT:

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" under Section 15378(b)(5) of CEQA Guidelines.

FISCAL IMPACT:

SEA rates provide customers with a 3% discount on energy generation costs compared to SDG&E rates. Any Council decision to reduce the rate reduction would come back to the Council for discussion and approval at a future public hearing.

WORK PLAN:

Environmental Sustainability – Policy Development – Implement Solana Energy Alliance

OPTIONS:

- Receive SEA Annual Update
- Approve Staff recommendations
- Do not approve Staff recommendations
- Provide alternative direction to Staff

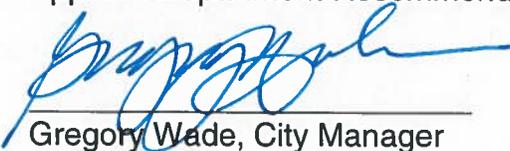
DEPARTMENT RECOMMENDATION:

Staff recommends the City Council:

1. Initiate negotiations with the cities of Carlsbad and Del Mar and other potential partners to prepare a Community Choice Aggregation Joint Powers Agreement.
2. Return to the City Council for the necessary and timely approvals needed to establish and convene a Community Choice Aggregation Joint Powers Authority Board of Directors in time to approve and submit a revised Community Choice Aggregation Implementation Plan to the California Public Utilities Commission by December 31, 2019 in order to launch a Community Choice Aggregation JPA in 2021.
3. Consider restructuring SEA to align goals with the future CCA JPA (50% RPS and 2% generation rate reduction).

CITY MANAGER RECOMMENDATION:

Approve Department Recommendation.



Gregory Wade, City Manager

Attachments:

1. SEA Financial Report through June 2019

**Solana Energy Alliance
Actual Results vs Pro Forma
June 2019 Preliminary Results**

	5/2019 Pro Forma Estimates	FYTD Actual	Variance %
REVENUE			
Retail Revenue	5,235,242.00	5,353,409.00	
Uncollected		-	
Net Revenue	<u>5,235,242.00</u>	<u>5,353,409.00</u>	2.26%
EXPENSES			
Power Supply:			
Energy Costs	4,056,140.00	4,081,739.00	0.63%
TEA Wholesale Services	211,528.00	211,527.00	0.00%
TEA Credit Solution	67,343.00	66,984.00	-0.53%
TEA Startup Loan Repaym	11,967.00	11,967.00	0.00%
Calpine Data Managemen	125,941.00	125,941.00	0.00%
SDG&E Billing Svcs	14,040.00	25,153.00	79.15%
CPUC Bond Repayment			
SEA Internal Admin	264,219.00	311,474.00	17.88%
TOTAL EXPENSES	<u>4,751,178.00</u>	<u>4,834,785.00</u>	1.76%
NET RESULTS OF OPERATION	<u><u>484,064.00</u></u>	<u><u>518,624.00</u></u>	7.14%