

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 930, MAY 25, 2016

CALL TO ORDER AND ROLL CALL

Mayor Derwin called the Town Council's Regular meeting to order at 7:00 p.m. and led the Pledge of Allegiance. Ms. Hanlon called the roll.

Present: Councilmembers Jeff Aalfs, John Richards; Vice Mayor Craig Hughes, Mayor Mary Ann Moise Derwin.

Absent: Councilmember Ann Wengert

Others: Jeremy Dennis, Town Manager
Leigh Prince, Town Attorney
Brandi de Garmeaux, Sustainability & Special Projects Manager
Sharon Hanlon, Town Clerk

ORAL COMMUNICATIONS – None

CONSENT AGENDA [7:01 p.m.]

- (1) Approval of Minutes: Town Council Regular Meeting of May 11, 2016. [*Pulled from Consent Agenda*]
- (2) Approval of Warrant List: May 25, 2016, in the amount of \$317,568.29.
- (3) Recommendation by Administrative Services Manager – Consultant Services Agreements between the Town of Portola Valley and
 - (a) CleanStreet for Street Sweeping Services
 - (b) Cotton, Shires & Associates, Inc. for Geologic Services
 - (c) CSG Consultants, Inc. for building Plan Review/Inspection Services
- (4) Recommendation by Sustainability and Special Projects Manager – Adoption of a Resolution Allowing a Rate Increase under the Franchise for Collection of Garbage, Recyclables and Compostable Materials between the Town of Portola Valley and GreenWaste Recovery, Inc.
 - (a) A Resolution of the Town Council of the Town of Portola Valley Allowing a Rate Increase Under the Franchise Agreement for Collection of Garbage, Recyclables and Compostable Materials between the Town of Portola Valley and GreenWaste Recovery, Inc. (Resolution No. 2691-2016)
- (5) Recommendation by Sustainability and Special Projects Manager – Adoption of a Resolution Authorizing Submittal of Application for CalRecycle Payment Programs and Related Authorizations
 - (a) A Resolution of the Town Council of the Town of Portola Valley Authorizing Submittal of Application for Payment Programs and Related Authorizations (Resolution No. 2692-2016)

Vice Mayor Hughes moved to approve Items 2, 3, 4, and 5. Seconded by Councilmember Richards, the motion carried 4-0 by roll call vote.

- (1) Approval of Minutes: Town Council Regular Meeting of May 11, 2016

Councilmember Aalfs moved to approve the minutes of the May 11, 2016 meeting, as amended. Seconded by Vice Mayor Hughes, the motion carried 3-0-1; Councilmember Aalfs abstained.

REGULAR AGENDA [7:02 p.m.]

STAFF REPORTS AND RECOMMENDATIONS

- (6) Recommendation by Sustainability and Special Projects Manager – Adoption of a Resolution Authorizing and Approving Automatically Enrolling its Ratepayers in the Highest Renewable Energy Portfolio Being Offered by Peninsula Clean Energy
- (a) A Resolution of the Town Council of the Town of Portola Valley Authorizing and Approving Automatically Enrolling all of its Ratepayers in the Highest Renewable Energy Portfolio being offered by Peninsula Clean Energy (Resolution No. 2693-2016)

Sustainability and Special Projects Manager Brandi de Garmeaux presented the staff report regarding the proposed resolution to authorize and approve automatically enrolling all of the ratepayers in Portola Valley in the highest renewable energy portfolio being offered by Peninsula Clean Energy.

Councilmember Aalfs provided a recap of the progress with PCE. He said this issue has been discussed at the County level for a year. He said throughout 2015 the County was moving forward with the advisory and tech study. In February, all cities in the County unanimously passed ordinances joining the Peninsula Clean Energy Authority, forming the JPA. He said the JPA Board had its first meeting March 2016 and they are now meeting twice a month. He said they created and submitted an implementation plan to the CPUC, which is currently under review, expected to come back any day. He said they have now engaged with potential banking partners; have hired a CEO, Jan Pepper, from Silicon Valley Power; have selected Noble America as the vendor for data management and the call center; are currently negotiating for energy services contracts and banking and credit terms with a few different providers; and have engaged Circle Point, a marketing firm, and will officially begin marketing and outreach on June 1. He said they developed the technical feasibility study, which showed they could meet their environmental and economic goals and still be economically viable to effectively compete with PG&E. He said they've had 9 advisory committee meetings; 5 board meetings; 10 tabling events; 12 community workshops, including two in Portola Valley; 27 City study sessions, including Portola Valley's last December; and 43 presentations to various community environmental business groups. He said the current consultants are Lean Energy, a non-profit advocacy group working to establish more CCAs in California; Pacific Energy, the technical advisors working on the feasibility study, power contracts, rate setting; Circle Point, the marketing partner; and Noble America, who will handle the call center and data management, including the complicated data interactions with PG&E. He said the two big outstanding items are financial services (credit and handling transactions with the utilities) and the energy service provider contract. He said they are currently in Phase III, preparing for launch. He said they are currently having board meetings twice a month and are waiting on the implementation plan, and negotiating the energy supply and banking contract. He said once those items are in place, they will sign a utility services agreement with PG&E, which allows PG&E to pass the Town's power over their lines. He said they will be registering with the CPUC to delivery electricity. He said they are launching their marketing campaign and will have a call center up and running and sending out customer notifications. He said the first phase is expected to occur beginning in October 2016.

Councilmember Aalfs said they will officially set rates on June 9 and send out public notice of those rates to all of the presumptive ratepayers. He said they will be building staff to perform the tasks currently being performed by the County Office of Sustainability. He said they will send out the first customer enrollment notices in July and August. He said they will finalize a utility service agreement and post a bond with the CPUC. He said they will establish office space near County headquarters. He said the transitions will occur in a staggered manner, in conjunction with usual meter readings.

Councilmember Aalfs said there are 257,000 accounts in San Mateo County. Phase I in October 2016 will enroll approximately 20 percent of the residential, all small and medium commercial, and all municipal accounts, totaling approximately 68,000 customers. Phase II, in April 2017, will include all the large commercial and industrial and an additional 35 percent of residential. Phase III, the largest phase, will include everyone else – agricultural, street lighting, and the remaining residential. He said that anyone who wants to be part of Phase I, whether or not they're scheduled for it, can go to PCE's website or call and volunteer to become part of Phase I.

Councilmember Aalfs said the law that enables CCA requires four notices to customers before and after they transition. He said 60 to 90 days before a customer is switched from PG&E to Peninsula Clean Energy, they will receive their first opt-out notice; a second postcard notice 30 to 45 days before they switch; another notice 30 days after they are switched over; and another notice 60 days after they are switched over. He said that during this period a customer can move back to PG&E for free. He said after this time, a customer can still move back to PG&E, but will have to pay a nominal charge (approximately \$5.00). He said this option is part of why they were comfortable enabling this program, because anyone can move back to PG&E at any time and can also choose among the various rate plans PCE offers at any time.

Councilmember Aalfs said the following options will be finalized at tomorrow's board meeting:

- Eco-50 -- 50 percent qualified renewable electricity (solar, wind, small hydroelectric, geothermal, and biomass), 20-25 percent GHG-free (mostly large hydroelectric), with the remainder being system power (mostly gas in California). The rate will be 5 to 10 percent lower for generation, resulting in a rough estimate of a 2-1/2 to 5 percent decrease in bills relative to current PG&E bills. PG&E is currently 22 percent renewable and approximately 50 percent GHG-free.
- Eco-100 – 100 percent qualified renewable electricity. The rate will be 2 to 5 percent higher than PG&E for the total bill.

Councilmember Aalfs said Portola Valley can go in with a default of 50 or 100 percent renewable for every customer. If the proposed ordinance is passed, all customers would be added to PCE during Phase II next April and will default in at Eco-100, with the option of opting for Eco-50 or PG&E. If the ordinance is not passed, 20 percent of Portola Valley customers get migrated to PCE during Phase I at the default of Eco-50, also with the option to opt up or out. He said that if Portola Valley passes the ordinance, they will be the first City or Town in California to default to the 100 percent renewable option.

He said that assuming 80 percent participation at Eco-100, 10 percent opt down to Eco-50, and 10 percent opt out to PG&E, the Town can achieve 1,787 tons of the current target of 1,861 GHG. Assuming 80 percent participation at Eco-50, 10 percent opt up to Eco-100, and 10 percent opt out to PG&E, the Town will only reach about a third of the current target.

Councilmember Aalfs said this is an opportunity for Portola Valley, long prided as being leaders and environmental stewards, to show their commitment to the environment.

Councilmember Aalfs said approximately 16 percent of Portola Valley households currently have rooftop solar, with 11 pending permit applications. He said the rates will essentially mirror PG&E rates, including their net metering plan, and there will not be a significant change. He said they will transition customers at the time of their annual true-up with PG&E so they do not lose their credits.

Vice Mayor Hughes said with the new PG&E ETOU rates and expiration of E6 and E7 rates, it seems that many solar customers are on the wrong rate plan. He said he hopes that PCE will help customers choose the most appropriate rate plan.

Mayor Derwin called for questions from the Council. Hearing none, Mayor Derwin called for questions from the audience.

Edith Collin asked how a user determines the most appropriate rate plan. Vice Mayor Hughes said it is very complicated and depends on customer usage, power generation, time of day, etc. Ms. Collin said she attended the PG&E meeting and found it very confusing. Vice Mayor Hughes said he has studied the PG&E rate plans. He said PG&E has been collecting data through smart meters and has detailed historic usage information for customers. That usage history can be entered into a computer program that runs that data through all of the different rates plans for comparison. He said PG&E has a rough estimator on their website that he found to be accurate within approximately 10 percent. He said PG&E hoped to put something on their website for solar users by July of 2017, but hopefully PCE may be able to develop something faster. Ms. Collin said she was supportive of the PCE, but asked if it would be clear how to opt in and opt out. She said her reservation is that she does not consider being the first Town in California an advantage because we have nobody else to look to for examples of what can go wrong or right. Councilmember Aalfs said they are meeting regularly with PG&E so they have the correct account identifications and the information gets passed back and forth to the PCE data provider. Vice Mayor Hughes said while Portola Valley is the first city contemplating having a default option of 100 percent renewable, they are not the first city entering this type of energy program. He said Marin County, Sonoma County, and the City of Lancaster have all been in a program like his for quite some time. In response to Ms. Collin's question, Vice Mayor Hughes said PG&E will still maintain the lines, cut trees, read the meters, send the bills, etc.

Caroline Vertongen, 100 Palmer Lane, asked if the meters would have to be changed again. Councilmember Aalfs said PG&E still runs the wires and meters and nothing would change. Ms. Vertongen said upon activation of her solar system, PG&E had to come out and reset her meter for the E8 rate plan. Councilmember Aalfs said they shouldn't have to do that again. Ms. Vertongen asked how the startup of \$2.7 million was funded. Councilmember Aalfs said the \$2.7 million came from San Mateo County, basically a loan to Peninsula Clean Energy that will be paid back as revenues come in. Ms. Vertongen asked about the other budget estimate of \$20 million. Councilmember Aalfs said they are working on financing contracts right now to develop a credit line to help finance that. Ms. Vertongen asked if that would come up in the form of bonds to be repaid. Councilmember Aalfs said it would not, but it would be a loan that would be paid back via the net positive cash flow used to pay off debts and contribute to a reserve fund. Ms. Vertongen asked regarding the estimated cash flow. Councilmember Aalfs said when all three phases have been launched, they estimate approximately \$35 million per year accumulating in the reserve fund. Vice Mayor Hughes said there are detailed budgets found on the PCE website which projects the revenue streams forward through the various phases of deployment, as well as the anticipated debt and how it will be serviced over time. Ms. Vertongen asked regarding the qualifications of the CEO, Jan Pepper. Councilmember Aalfs said Ms. Pepper has extensive experience in the electricity industry, approximately 35 years, starting with PG&E in 1984 siting the wind projects at the Altamont Pass. He said she started four separate companies. She founded a software company, WREGIS, the Western Renewable Energy Generation Information System, which is now the standard used to record renewable energy credits. He said that she has worked for the past several years with Silicon Valley Power as their Chief of Electricity Procurement and was with Alameda Power before that. Ms. Vertongen said Portola Valley only represents 1 percent of the entire group and does not understand how joining this group benefits Portola Valley citizens. She said if Portola Valley joins, it seems like a lot more cities would benefit from Portola Valley than vice versa, because the Town already produces so much solar energy. Ms. de Garreaux pointed out that Portola Valley energy usage is approximately two to three times the County average. She said this participation helps the town take responsibility for part of that, in addition to reducing the Town's greenhouse gas emissions.

With no further public comment, Mayor Derwin brought the topic back to the Council for discussion.

Councilmember Aalfs introduced Jim Eggemeyer and Carolyn Rader from the San Mateo County Office of Sustainability.

Councilmember Richards asked if there was any anticipated issue with PG&E continuing to provide historical usage data. Councilmember Aalfs said since Marin Clean Energy first launched in 2010, a lot of kinks have been worked out, including legislation that required the IOUs to behave properly with respect to the CCAs. He said they have been having pretty good interaction with PG&E and he expects it to be a smooth process. Vice Mayor Hughes said that Noble, the contractor handling data services, has experience in handling the data services for Marin and Sonoma. Councilmember Richards is supportive of the ordinance. He agrees with Councilmember Aalfs that the symbolic nature is important. He said that after seeing the statistics presented, he is even more convinced it is the right thing to do.

Vice Mayor Hughes said he has been pushing for this since the discussion began. He said at the initial switchover point, there may be a slight uptick in the average person's cost, but it is well worth it given the greenhouse gas reduction. He said once PG&E has gone through the initial rollout and everyone is onboard, there will be a lot of opportunities for dramatic reductions of those bills for most people. He said a short term increase in rates in order to achieve this huge amount of greenhouse gas reduction is well worth it.

Mayor Derwin said she was very excited about this proposal. She said she was also very happy that Portola Valley is being true to its roots and being on the leading edge of environmentalism. She said the enshrined values in the General Plan are to preserve open space and to conserve resources. She said the Climate Action Task Force was created in 2006 and she worked with Steve Toben and put forth many initiatives – the Green Building Ordinance, the Sustainability Element, etc. – into the General Plan. She said they decided to go Leed Platinum in building the Town Center at a time when Leed was not yet widely accepted. She said this proposed ordinance was completely in keeping with the Town's ethos. She said she was totally supportive of the ordinance. She thanked Councilmember Aalfs for stepping up and making the Town so proud to have him as the Vice Chair on the Board. She also thanked Vice Mayor Hughes for his work in this process.

Councilmember Aalfs moved to approve the Resolution of the Town Council Authorizing and Approving Automatically Enrolling all of its Ratepayers in Eco-100, the Highest Renewable Energy Portfolio being offered by Peninsula Clean Energy. Seconded by Vice Mayor Hughes; the motion carried 5-0.

(7) COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS [7:35 p.m.]

Councilmember Aalfs – Attended two ASCC meetings since he last reported. He said that in addition to usual remodel and construction applications, they discussed an interesting project at Glenoaks where they are adding workforce housing for six employees, which will count for RHNA numbers for low income housing.

Councilmember Richards – Attended an Emergency Preparedness Committee meeting where Ms. de Garreaux gave a presentation on the wildland fire drill. He said there was considerable discussion about the emergency supply containers located at The Priory where the Town and CERPP each own one of them. They discussed making the ESCs portable instead of stationery. He said the Committee is preparing for the Town Picnic with banners and radio messages. He attended the May 12 Cultural Arts Committee meeting, which did not have a quorum. They discussed developing a pool of volunteers.

Vice Mayor Hughes – Attended the May 12 Cable and Undergrounding Committee meeting which did not have a quorum. He attended the Town Center Master Plan Update Committee meeting where they heard a report from the library with their requests, discussed the priority list, discussed public outreach ideas, and discussed their next steps which include a report to the Town Council in late-July or early-August. He attended a PCE Board meeting in place of Councilmember Aalfs, where the CEO was appointed. He said

a launch party for PCE has been tentatively scheduled for October 9, 2016, at Filoli. He asked Councilmember Aalfs to double-check that Portola Valley municipal accounts are included in Phase I. Vice Mayor Hughes said there was an all-day strategy meeting on May 23 amongst all of the CCE entities in California regarding PCIA exit fees. Councilmember Aalfs said he attended that meeting. Vice Mayor Hughes said the timelines for implementation of the website and the call center are extremely tight but looked doable. He attended an intense ABAG General Assembly meeting on May 19 where the MTC/ABAG merger was discussed. He said the Assembly approved a minor variation to the recommendation by the ABAG Executive Board. He said there would be a temporary short-term semi-merger of the two entities, which would involve transferring all of the staff from ABAG to MTC with a contract between ABAG and MTC to provide the services that ABAG currently is required to provide under State law, but that when a new Executive Director is hired at MTC, expected to occur in the next couple of years, that new Director would officially report to both MTC and ABAG boards.

Mayor Derwin – Attended a Resource Management Climate Protection meeting. She said Adrienne Carr from BAWSCA reported that as of May 18 the snowpack was at 75 percent of the average. She said there has been a 26.3 percent cumulative savings from June 2015 to March 2016. She said the Governor made an executive order in response to the State's drought situation; however, the State Board released their proposal to amend the regulations to be based on local water supply and demand conditions. She said the City of San Bruno recently replaced all (10,511) of their residential water meters with "advanced metering infrastructure for water," which provides real time billing and leak detection. She said she intended to lobby Cal Water about getting these advanced water meters in Portola Valley. She said Cal Water is apparently the only water company in the entire Bay Area that is not promoting smart water meters. She said there was a presentation by Craig Lewis from the Clean Coalition regarding the work they are doing. Mayor Derwin also attended a C/CAG meeting where they discussed the US 101 corridor managed lanes project, which covers the 26 miles from San Francisco to Santa Clara County. She said they supported SBX1-1, a transportation funding bill amended to address transit and truck weight fees. She attended a HEART Board meeting. She thanked Town Manager Dennis for attending the May 11 event at Devil's Canyon, which was quite successful, raising \$61,603. She said it appeared that HRC and HEART will likely separate but will share facilities and one employee. She said the County has committed half of their linkage fees to go to HEART for two years and are encouraging the cities to do the same. Mayor Derwin asked Town Manager Dennis when the Council would discuss linkage and impact fees. Town Manager Dennis said it is scheduled tentatively for July. Mayor Derwin attended her first C/CAG Finance Committee meeting with Councilmember Wengert. She said they discussed the post-retirement medical benefit. She attended the Bay Area Council Conference and said Cal Water agreed to partner on next year's garden tour. She said the meet and greet the Mayor event held at Robert's Market, along with Town Manager Dennis and Supervisor Horsley, was a great success and she enjoyed it. Mayor Derwin said the last film in the series, "Unbranded," was the best attended to date. She said she and Ms. de Garmeaux hope to do another film series next year.

(8) Town Manager Report – Town Manager Dennis reported on the recent release of the FAA report. He said a select committee has been appointed by three Congresspeople, with Councilmember Wengert one of the members from Congresswoman Eshoo's District. He said there was some dissatisfaction with some aspects of the study. He has provided a copy of the report to Williams Consulting and will be working with them to put together responses. Town Manager Dennis reported that Woodside, Ladera, and Portola Valley are experiencing a rash of mail thefts and have posted recommended precautions on Next Door and PV Forum. He said he and staff continue to work on the budget, which should be completed May 26 and ready for the Finance Committee meeting May 31. He said he and Woodside Town Manager Kevin Bryant met with PG&E representatives regarding the recent Portola Road closure and lack of warning provided. He said it was a good meeting and the representatives were receptive to and understood the concerns related to the lack of warning. He said staff is hoping to soon make an announcement regarding the new hire for the Associate or Senior Planner position. He said the SOD Blitz was a great success. He said he reached out to all Committee and Commission Chairs asking them to agendaize discussions regarding the need for EOC volunteers in staff's absence and for staff relief. He

reported that this week is the Celebration of the Horse and there will be a fair on Sunday. He reported the Town Picnic is scheduled for June 4. He said there will be a Town Center Master Plan table and an ASCC outreach table. He said staff is working to try to set up a table to solicit for volunteers for Town Committees. Town Manager Dennis said he met with Assistant Sheriff Trisha Sanchez, Area Commander Greg Rothaus (San Carlos Police Chief), and Mark Kuykendall to discuss the emergency preparedness activities that occur in Portola Valley, and they were all impressed with the Town's efforts. Mr. Rothaus even requested that Town Manager Dennis go with some people from EPC to talk to other towns about how to develop effective emergency preparedness plans. Town Manager Dennis said staff is preparing an exhibition of quotes from the General Plan to be displayed at the Town Center. He said a new intern, Adrienne Smith, will be helping with sustainability and planning projects four days a week.

WRITTEN COMMUNICATIONS [8:07 p.m.]

(9) Town Council Digest – May 13, 2016

(10) Town Council Digest – May 20, 2016

ADJOURNMENT [8:10 p.m.]

Mayor Derwin adjourned the meeting.

Mayor

Town Clerk