City of Santee
Regular Meeting Agenda
Santee City Council

Wednesday, August 28, 2019
7:00 PM

Council Chambers – Building 2
10601 Magnolia Avenue, Santee, CA 92071

Regular City Council Meeting – 7:00 p.m.

ROLL CALL: Mayor John W. Minto
Vice Mayor Stephen Houlahan
Council Members Ronn Hall, Laura Koval and Rob McNelis

LEGISLATIVE INVOCATION: Gary Lawton, Calvary Chapel of Santee

PLEDGE OF ALLEGIANCE

PROCLAMATION: Santee's Arbor Day – September 7, 2019

CONSENT CALENDAR:

PLEASE NOTE: Consent Calendar items are considered routine and will be approved by one motion, with no separate discussion prior to voting. The public, staff or Council Members may request specific items be removed from the Consent Calendar for separate discussion or action. Speaker slips for this category must be presented to the City Clerk at the start of the meeting. Speakers are limited to 3 minutes.

(1) Approval of reading by title only and waiver of reading in full of Ordinances on the agenda.

(2) Approval of Meeting Minutes of the Santee City Council for the August 14, 2019 Regular Meeting. (City Clerk – Ortiz)

(3) Payment of Demands. (Finance – McDermott)

(4) Approval of the expenditure of $83,576.26 for July 2019 Legal Services and related costs. (Finance – McDermott)

(5) Second Reading and Adoption of an Ordinance amending Title 12 ("Subdivisions") and Title 13 ("Zoning Ordinance") of the City of Santee Municipal Code to waive City Development Impact Fees for Accessory Dwelling Units for a five (5) year trial period and approving an exemption from the California Environmental Quality Act (CEQA) in accordance with Sections 15303 and 15601(b)(3) of the CEQA Guidelines and Section 21080.17 of the Public Resources Code (Case File: ZOA 2019-1). (City Clerk – Ortiz)

(6) Adoption of a Resolution accepting the designation of United States Bike Route 90 through the City via El Nopal, Magnolia Avenue, and Mast Boulevard between Los Ranchitos Road to the east and the western City limit. (Development Services – Kush)

(7) Purchase of one new X Series EKG Monitor/Defibrillator and one new Autopulse Automated CPR Board in an amount not to exceed $49,721.09, from Zoll Medical Corporation per National Purchasing Partners contract pricing. (Finance - McDermott)

(8) Adoption of a Resolution authorizing portal to portal compensation and overtime pay in accordance with state and federal laws for fire department employees operating under the California Fire Assistance Agreement. (Fire – Garlow)

(9) Adoption of a Resolution approving three classification changes and amending the salary schedule. (Human Resources – Bishop)

PUBLIC HEARING:

(10) Public Hearing to consider certification of a Program Environmental Impact Report under the California Environmental Quality Act (CEQA); adoption of CEQA Findings of Fact, and a Mitigation Monitoring and Reporting Program; and adoption of the Sustainable Santee Plan (Climate Action Plan). Applicant: City of Santee. (Development Services – Kush)

Recommendation:

1. Open and close the Public Hearing; and
2. Adopt the Resolution certifying the Final Program Environmental Impact Report (Sch. No. 2017081030); adopting the CEQA Findings of Fact for the Sustainable Santee Plan; adopting a Mitigation Monitoring and Reporting Program; and adopting the Sustainable Santee Plan (Climate Action Plan); and
3. Authorize staff to file a Notice of Determination in accordance with CEQA.

CONTINUED BUSINESS:

(11) Community Choice Aggregation Workshop. (City Manager/Finance – Best/McDermott)

Recommendation:
Provide direction to staff.

NON-AGENDA PUBLIC COMMENT:

Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the Agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.

CITY COUNCIL REPORTS:

CITY MANAGER REPORTS:

CITY ATTORNEY REPORTS:

CLOSED SESSION:

(12) CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation
(Government Code Section 54956.9(d)(4))
Initiation of litigation (one case)

ADJOURNMENT:

August & September Meetings

Aug	01	SPARC	Civic Center Building 8A
Aug	12	Community Oriented Policing Committee	Council Chamber
Aug	14	Council Meeting	Council Chamber
Aug	28	Council Meeting	Council Chamber
Sept	05	SPARC	Civic Center Building 8A
Sept	09	Community Oriented Policing Committee	Council Chamber
Sept	11	Council Meeting	Council Chamber
Sept	18	Special Meeting	Council Chamber
Sept	19	Manufactured Home Fair Practices Commission	Council Chamber
Sept	25	Council Meeting	Council Chamber

The Santee City Council welcomes you and encourages your continued interest and involvement in the City's decision-making process.

For your convenience, a complete Agenda Packet is available for public review at City Hall and on the City's website at www.CityofSanteeCA.gov.

The City of Santee complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 12132 of the American with Disabilities Act of 1990 (42 USC § 12132). 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 at (619) 258-4100, ext. 112 at least 48 hours before the meeting, if possible.

AFFIDAVIT OF POSTING AGENDA

State of California }
County of San Diego } ss.
City of Santee }

I, Annette Ortiz, City Clerk of the City of Santee, hereby declare, under penalty of perjury, that a copy of this Agenda was posted in accordance with the Brown Act and Santee Resolution 61-2003 on August 23, 2019, at 4:00 p.m.

Signature 08/23/19 Date

City of Santee

COUNCIL AGENDA STATEMENT

Proclamation

MEETING DATE August 28, 2019 **AGENDA ITEM NO.** PROC

ITEM TITLE PROCLAMATION: "SANTEE'S ARBOR DAY" SEPTEMBER 7, 2019

DIRECTOR/DEPARTMENT John W. Minto, Mayor

SUMMARY

The City of Santee will celebrate Arbor Day 2019 on Saturday, September 7, 2019. This event will include a volunteer activity for 150-300 people who will plant 100 new trees in Walker Preserve. This kicks off a larger project to plant 250 new trees in Santee.

Arbor Day 2019 is part of a partnership between the City of Santee, CA Urban Forests Council, West Coast Arborists, the San Diego River Park Foundation, and the Western Chapter ISA as part of Cool Parks, a CAL FIRE funded grant program utilizing CA Climate Investment Funds (Cap and Trade) that includes the planting of 2500 trees across California, primarily in or near disadvantaged communities and low-income neighborhoods. Trees planted for this program have been selected due to their numerous benefits, such as shade production, drought tolerance, climate suitability, and carbon sequestration.

The attached proclamation has been prepared to celebrate Arbor Day and recognize the project partners, who provide funding, resources, expertise, and volunteerism. Their various contributions will not only bring 250 new trees to Santee but also educate and engage Santee citizens of all ages in caring for trees in their community.

FINANCIAL STATEMENT N/A

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION MDB Present proclamation.

ATTACHMENTS (Listed Below)

Proclamation.

City of Santee, California

Proclamation

WHEREAS, together with Cool Parks project partners, CA Urban Forests Council, West Coast Arborists, the San Diego River Park Foundation, the Western Chapter ISA and CAL FIRE, the City of Santee will celebrate Arbor Day 2019 on September 7th by planting one hundred native trees in Walker Preserve, which will beautify the space for park users and create new habitat for local wildlife, and provide many health and ecological benefits to Santee's residents; and

WHEREAS, CAL FIRE has a history of funding many urban and community forestry programs, including Cool Parks, resulting in net greenhouse gas benefits, environmental services, and cost-effective solutions to the needs of communities and local agencies; and

WHEREAS, West Coast Arborists, Santee's tree maintenance contractor, provides professional and modern tree maintenance and management services across California; and

WHEREAS, the CA Urban Forests Council, the nation's oldest urban forest nonprofit, promotes healthy trees and green spaces via education, community outreach, and collaborative action; and

WHEREAS, Western Chapter International Society of Arboriculture, advances the study and science of arboriculture, as well as a high level of arboriculture practice and professionalism; and

WHEREAS the San Diego River Park Foundation, a partner of the City of Santee and voice for our San Diego River, engages more than 7,900 people annually in volunteerism and stewardship.

NOW, THEREFORE, I, John Minto, Mayor of the City of Santee, on behalf of the City Council do hereby proclaim Saturday, September 7, 2019 as

"SANTEE'S ARBOR DAY"

in the City of Santee, and call upon all citizens to recognize the Cool Parks project partners and their contributions, which improve green spaces and engage the community in tree stewardship.

IN WITNESS WHEREOF, I have hereunto set my hand this Twenty eighth day of August, two thousand nineteen, and have caused the Official Seal of the City of Santee to be affixed.

Mayor John W. Minto

City of Santee
COUNCIL AGENDA STATEMENT

Item 1

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **APPROVAL OF READING BY TITLE ONLY AND WAIVER OF READING IN FULL OF ORDINANCES AND RESOLUTIONS ON THE AGENDA.**

DIRECTOR/DEPARTMENT Annette Ortiz, MBA, CMC, City Clerk

SUMMARY

This item asks the City Council to waive the reading in full of all ordinances on the agenda (if any) and approve their reading by title only. The purpose of this item is to help streamline the City Council meeting process, to avoid unnecessary delay and to allow more time for substantive discussion of items on the agenda.

State law requires that all ordinances be read in full either at the time of introduction or at the time of passage, unless a motion waiving further reading is adopted by a majority of the City Council. (Gov. Code, § 36934). This means that each word in each ordinance would have to be read aloud unless such reading is waived. Such reading could substantially delay the meeting and limit the time available for discussion of substantive items. Adoption of this waiver streamlines the procedure for adopting the ordinances on tonight's agenda (if any), because it allows the City Council to approve ordinances by reading aloud only the title of the ordinance instead of reading aloud every word of the ordinance.

The procedures for adopting resolutions are not as strict as the procedures for adopting ordinances. For example, resolutions do not require two readings for passage, need not be read in full or even by title, are effective immediately unless otherwise specified, do not need to be in any particular format unless expressly required, and, with the exception of fixing tax rates or revenue amounts, do not require publication. However, like ordinances, all resolutions require a recorded majority vote of the total membership of the City Council. (Gov. Code § 36936).

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION

It is recommended that the Council waive the reading of all Ordinances and Resolutions in their entirety and read by title only.

ATTACHMENTS

None

City of Santee

COUNCIL AGENDA STATEMENT

Item 2

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **APPROVAL OF MEETING MINUTES OF THE SANTEE CITY COUNCIL FOR THE AUGUST 14, 2019 REGULAR MEETING.**

DIRECTOR/DEPARTMENT Annette Ortiz, MBA, CMC, City Clerk

SUMMARY

Submitted for your consideration and approval are the minutes of the above meeting.

FINANCIAL STATEMENT N/A

CITY ATTORNEY REVIEW ☑ N/A ☐ Completed

RECOMMENDATION

Approve Minutes as presented.

ATTACHMENT

August 14, 2019 Regular Meeting Minutes

Minutes
Santee City Council
Council Chamber – Building 2
10601 Magnolia Avenue
Santee, California
August 14, 2019

DRAFT

This Regular Meeting of the Santee City Council was called to order by Mayor John W. Minto at 7:00 p.m.

ROLL CALL: Present: Mayor John W. Minto, Vice Mayor Stephen Houlahan and Council Members Ronn Hall, Laura Koval and Rob McNelis – 5.

Officers present: City Manager Marlene Best, City Attorney Shawn Hagerty and City Clerk Annette Ortiz.

The **INVOCATION** was given by Marshall Masser of Lakeside Christian Church and the **PLEDGE OF ALLEGIANCE** was led by Anne Morrison, Recreation Services Manager.

PRESENTATION: Padre Dam – Allen Carlisle

Mr. Carlisle presented information about Padre Dam Municipal Water District and Santee Lakes and responded to Council questions.

CONSENT CALENDAR:

(1) **Approval of reading by title only and waiver of reading in full of Ordinances on the agenda.**

(2) **Approval of Meeting Minutes of the Santee City Council for the July 24, 2019 Regular Meeting. (City Clerk – Ortiz)**

(3) **Approval of Payment of Demands as presented. (Finance – McDermott)**

(4) **Authorization for the City Manager to execute the agreement for participation in San Diego County's California Identification System (CAL-ID) remote access network for the period July 1,2019 through June 30, 2024. (City Manager – Best)**

(5) **Adoption of a Resolution authorizing the City Manager to execute a Public Right of Way Improvement Agreement for public improvements associated with the Sharp Medical Office building located at 8701 Cuyamaca Street. Related Case Files: DR2017-05, P2017-07. (Development Services – Kush)** (Reso 076-2019)

(6) **Adoption of a Resolution accepting the public improvements for the**

Montivo Project (TM2005-14) as complete and authorizing the refund of Development Impact Fees. Location: 8850 Olive Lane. (Development Services – Kush) (Reso 077-2019)

(7) Adoption of a Resolution accepting the public improvements for the Prospect Fields subdivision (TM2015-01) as complete. Location: Prospect Avenue north of Clifford Heights Road. (Development Services – Kush) (Reso 078-2019)

(8) Rejection of claim against the City by Cox Communications, per Government Code Section 913. (Human Resources – Bishop)

ACTION: Council Member McNelis moved approval of the Consent Calendar.

Council Member Koval seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan and Council Members Hall, Koval and McNelis – 5.

PUBLIC HEARING:

(9) Public Hearing for an Ordinance amending Title 12 ("Subdivisions") and Title 13 ("Zoning Ordinance") of the City of Santee Municipal Code to waive City Development Impact Fees for Accessory Dwelling Units for a five (5) year trial period and approving an exemption from the California Environmental Quality Act (CEQA) in accordance with Sections 15303 and 15061(b)(3) of the CEQA Guidelines and Section 21080.17 of the Public Resources Code (Case File: ZOA 2019-1). (Development Services – Kush)

The Public Hearing opened at 7:25 p.m. The Development Services Director introduced the item and the Associate Planner presented the staff report and responded to Council questions.

PUBLIC SPEAKERS:

- David Mason
- Robert Calloway, Pacific Southwest Association of Realtors
- Rebecca Pollack-Rude, Pacific Southwest Association of Realtors
- Tracy Morgan Hollingworth, Pacific Southwest Association of Realtors
- Michael McSweeney, Building Industry Association

ACTION: Vice Mayor Houlahan moved approval of staff's recommendation.

Council Member McNelis seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan and Council Members Hall, Koval and McNelis – 5.

Council also provided additional direction to staff to bring back additional amendments to Titles 12 and 13 of the City of Santee Municipal Code.

The Public Hearing was closed at 7:46 p.m.

CONTINUED BUSINESS:

(10) Resolution establishing the salary of the Mayor and Council Members for Fiscal Years 2019-20 and 2020-21 in accordance with the provisions of the Santee City Charter. (City Manager – Best) (Reso 079-2019)

The Assistant to the City Manager presented the staff report and responded to Council questions.

FAILED MOTION: Vice Mayor Houlahan moved for no raise for City Council.

The motion failed for lack of a second.

ACTION: Council Member Koval moved approval of staff's recommendation with Option B.

Council Member McNelis seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Council Members Hall, Koval and McNelis – 4. Noes: Vice Mayor Houlahan – 1.

NEW BUSINESS:

(11) Workshop on an Art and Entertainment Overlay District that promotes the concentration of arts, cultural and entertainment-oriented uses within the Santee Town Center Specific Plan Area/Town Center District and Appropriation of funds for compliance under the California Environmental Quality Act (CEQA). Applicant: City of Santee (Related Case Numbers: AEIS2019-05; TCSPA2019-01). (Development Services – Kush)

The City Manager introduced the item and the Develop Services Director presented the staff report and responded to Council questions.

PUBLIC SPEAKERS:

- Dan Bickford

ACTION: Vice Mayor Houlahan moved approval of staff's recommendation.

Council Member Hall seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan, Council Members Hall, Koval and McNelis – 5.

(12) Discussion of a Community Facilities District to assist projects in the proposed Art and Entertainment District in Town Center. (Finance – McDermott)

The Finance Director presented the staff report and responded to Council questions.

PUBLIC SPEAKERS:

- Dan Bickford, submitted a speaker slip but did not speak.

Council provided direction to staff to review options for a Community Facilities District.

(13) Resolution authorizing the City Manager to execute a Second Amendment to the Disposition and Development Agreement between the City of Santee and Eneract, LLC, for development of real property known as Parcel 3 of Parcel Map 20177 located north of Town Center Parkway between Cuyamaca Street and Riverview Parkway in Santee, California [Assessor's Parcel No. 381-050-66] (Cinema Parcel). (City Manager – Best) (Reso 080-2019)

The City Manager presented the staff report and responded to Council questions.

ACTION: Council Member McNelis moved approval of staff's recommendation.

Vice Mayor Houlahan seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan, Council Members Hall, Koval and McNelis – 5.

(14) Determination of future use of Parcel 4 of Parcel Map 18857 (Library Site). (City Manager – Best)

The City Manager presented the staff report and responded to Council questions.

PUBLIC SPEAKERS:

- Dan Bickford
- Pauline Kedward
- Linda Dochterman
- Lynda Marrokal

ACTION: Council Member McNelis moved approval of staff recommendation in determining the site would be more beneficial to the City as an alternate use and encouraged staff to continue to work with other parcels for future library sites.

Council Member Koval seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan, Council Members Hall, Koval and McNelis – 5.

(15) Resolution authorizing application for, and receipt of, SB2 Planning Grants Program Funds. (Development Services – Kush) (Reso 081-2019)

The Development Services Director presented the staff report.

ACTION: Council Member Hall moved approval of staff's recommendation.

Council Member Koval seconded the motion, which carried by the following vote: Ayes: Mayor Minto, Vice Mayor Houlahan, Council Members Hall, Koval and McNelis – 5.

NON-AGENDA PUBLIC COMMENT:

(A) Darrell Roberts, International Association of Fire Fighters, spoke regarding illness among fire fighters; urged Council to take care of the City's fire fighters.

(B) Lynda Marrokal requested assistance from Council with an issue she is having with a developer related to an easement on her private road.

(C) John Hossick, Santee Mobilehome Owners Action Committee (SMOAC), thanked the Council and the community for their support of SMOAC and requested donations for the school supply give away happening on Sunday at 10:00 a.m.

CITY COUNCIL REPORTS:

Council Member Koval reported that she attended Heartland Communications Facility Commission and they approved a budget item to reduce the PERs liability; she commented on landscaping issues around the City; she also suggested the City Council meetings start at 6:30 p.m.

Mayor Minto reported that SANDAG has cancelled more meetings; he also reported that he would be speaking with Council Member Hall and the City Manager at a San Diego County Special Districts Association meeting on August 15, 2019 about the Highway 52 Coalition.

Vice Mayor Houlahan reported that the San Diego River Conservancy awarded a grant to the City for clean up of non-native species and habitat in Sycamore Creek next to Santee Lakes.

Council Member Koval stated the cleanup has been occurring for several years, she briefly described the process.

CITY MANAGER REPORTS:

The City Manager addressed the landscaping issue brought up by Council Member Koval; she reminded everyone of the Santee Summer Concert featuring Queen Nation happening on July 15; she reported that she attended the City of Lemon Grove State of the City address; she also announced that the community-wide survey for branding is

available and encouraged everyone to take the survey.

CITY ATTORNEY REPORTS: None

CLOSED SESSION

Council Members recessed at 9:45 p.m. and convened in Closed Session at 9:58 p.m.

(16) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Gov. Code section 54956.9(d)(2))
Significant exposure to litigation: One case

Council Members reconvened in Open Session at 10:28 p.m. with all members present. Mayor Minto reported for Item 16, no action was taken.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:28 p.m.

Date Approved:

_____
Annette Ortiz, MBA, CMC, City Clerk

City of Santee

COUNCIL AGENDA STATEMENT

Item 3

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE PAYMENT OF DEMANDS

DIRECTOR/DEPARTMENT Tim K. McDermott, Finance

SUMMARY

A listing of checks that have been disbursed since the last Council meeting is submitted herewith for approval by the City Council.

FINANCIAL STATEMENT

Adequate budgeted funds are available for the payment of demands per the attached listing.

CITY ATTORNEY REVIEW

☒ N/A ☐ Completed

RECOMMENDATION

Approval of the payment of demands as presented.

ATTACHMENTS (Listed Below)

1) Summary of Payments Issued
2) Voucher Lists

Payment of Demands
Summary of Payments Issued

Date	Description	Amount
08/01/2019	Accounts Payable	$ 12,168.78
08/05/2019	Accounts Payable	109,896.57
08/05/2019	Accounts Payable	72,266.68
08/06/2019	Accounts Payable	108,871.59
08/08/2019	Accounts Payable	261,674.18
08/08/2019	Accounts Payable	2,725,289.22
08/13/2019	Accounts Payable	1,500.00
08/14/2019	Accounts Payable	85,748.08
08/14/2019	Accounts Payable	59,942.78
08/14/2019	Accounts Payable	2,669.57
08/15/2019	Payroll	371,854.69
08/15/2019	Accounts Payable	42,995.66
	TOTAL	$3,854,877.80

I hereby certify to the best of my knowledge and belief that the foregoing demands listing is correct, just, conforms to the approved budget, and funds are available to pay said demands.

T K McDermott

Tim K. McDermott, Director of Finance

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
627	8/1/2019	10482 TRISTAR RISK MANAGEMENT	107713		WORKERS' COMPENSATION	12,168.78
					Total :	12,168.78

1 Vouchers for bank code : ubgen — Bank total : 12,168.78

1 Vouchers in this report — Total vouchers : 12,168.78

Prepared by: [signature]
Date: 8-8-19

Approved by: [signature]
Date: 8-8-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
14059	8/5/2019	10955 DEPARTMENT OF THE TREASURY	August Retirees		FEDERAL WITHHOLDING TAX	75.00
			PPE 07/24/19		FED WITHHOLD & MEDICARE	81,626.33
					Total :	**81,701.33**
14064	8/5/2019	10956 FRANCHISE TAX BOARD	PPE 07/24/19		CA STATE TAX WITHHELD	28,195.24
					Total :	**28,195.24**

2 Vouchers for bank code : ubgen **Bank total :** **109,896.57**

2 Vouchers in this report **Total vouchers :** **109,896.57**

Prepared by: [signature]
Date: 8-7-19

Approved by: Heather Jennings
Date: 8/8/19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
628	8/5/2019	13401 PARDEE HOMES	CFD2017-1		REFUND CFD #2017-1 DEPOSIT	72,266.68
					Total :	**72,266.68**

1 Vouchers for bank code : ubgen **Bank total : 72,266.68**

1 Vouchers in this report **Total vouchers : 72,266.68**

Prepared by: _____
Date: 8-14-19

Approved by: Heather Jennings
Date: 8-15-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
7194	8/6/2019	10353 PERS	07 19 4		RETIREMENT PAYMENT	108,871.59
					Total :	**108,871.59**

1 Vouchers for bank code : ubgen **Bank total : 108,871.59**

1 Vouchers in this report **Total vouchers : 108,871.59**

Prepared by: _____
Date: 8-7-19

Approved by: Heather Jennings
Date: 8/8/19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122053	8/8/2019	11419 ANALYTICAL CHEMISTS INC	39395	52565	EQUIPMENT TESTING	95.00
					Total :	**95.00**
122054	8/8/2019	10293 AUTO ZONE INC	3347594486	52569	VEHICLE REPAIR PARTS	33.69
					Total :	**33.69**
122055	8/8/2019	10516 AWARDS BY NAVAJO	0719135	52570	NAMETAGS	82.97
					Total :	**82.97**
122056	8/8/2019	10021 BOUND TREE MEDICAL LLC	83260855	52673	EMS SUPPLIES	135.82
			83264261	52673	EMS SUPPLIES	325.60
			83264262	52673	EMS SUPPLIES	4.68
			83264263	52673	EMS SUPPLIES	627.55
			83264264	52673	EMS SUPPLIES	172.23
			83265070	52673	EMS SUPPLIES	758.07
			83267755	52673	EMS SUPPLIES	182.61
			83274192	52673	EMS SUPPLIES	8.14
			83276075	52673	EMS SUPPLIES	73.26
			83276076	52673	EMS SUPPLIES	642.86
			83276077	52673	EMS SUPPLIES	375.60
			83276078	52673	EMS SUPPLIES	104.29
			83277932	52673	EMS SUPPLIES	267.64
					Total :	**3,678.35**
122057	8/8/2019	10595 CUTTER'S EDGE INDUSTRIES INC	071519-6	52581	EQUIPMENT MAINTENANCE	44.45
					Total :	**44.45**
122058	8/8/2019	13261 DMH ENTERPRISES	DMH081519	52587	SANTEE SUMMER CONCERTS	5,500.00
					Total :	**5,500.00**
122059	8/8/2019	10009 FIRE ETC	131720	52592	SAFETY APPAREL	431.00
					Total :	**431.00**
122060	8/8/2019	11196 HD SUPPLY FACILITIES	9173929427	52596	STATION SUPPLIES	1,070.99
					Total :	**1,070.99**
122061	8/8/2019	10256 HOME DEPOT CREDIT SERVICES	2163756	52597	STATION SUPPLIES	119.84

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122061	8/8/2019	10256 10256 HOME DEPOT CREDIT SERVICES (Continued)			**Total :**	**119.84**
122062	8/8/2019	10246 HUDSON SAFETY T LITE RENTALS	00063786A	52696	TRAFFIC SIGNS	181.02
					Total :	**181.02**
122063	8/8/2019	10507 MITEL LEASING	902050799		MONTHLY RENTAL 122670	2,654.12
			902050850		MONTHLY RENTAL 124690	447.30
			902050947		MONTHLY RENTAL 130737	392.89
			902050963		MONTHLY RENTAL 131413	379.72
					Total :	**3,874.03**
122064	8/8/2019	13369 NATIONWIDE MEDICAL	I048274	52658	EMS SUPPLIES	473.00
					Total :	**473.00**
122065	8/8/2019	10308 O'REILLY AUTO PARTS	2968-288298	52611	VEHICLE REPAIR PARTS	234.51
			2968-288466	52611	VEHICLE SUPPLIES	80.24
					Total :	**314.75**
122066	8/8/2019	10344 PADRE DAM MUNICIPAL WATER DIST	24200193		10307 MISSION GORGE RD - MED	582.05
			29700016		CONSTRUCTION METER	390.95
					Total :	**973.00**
122067	8/8/2019	10090 PARKHOUSE TIRE INC	3010298967	52613	TIRE	183.64
					Total :	**183.64**
122068	8/8/2019	10521 PNC EQUIPMENT FINANCE LLC	518366		2016 PIERCE ARROW XT LEASE P\	96,830.65
			518367		2016 PIERCE AERIAL PYMT #4	129,054.28
					Total :	**225,884.93**
122069	8/8/2019	12533 PUBLIC AGENCY RISK	098410		MEMBERSHIP RENEWAL	150.00
					Total :	**150.00**
122070	8/8/2019	12062 PURETEC INDUSTRIAL WATER	1729062	52661	DEIONIZED WATER SERVICE	52.09
			1729063	52661	DEIONIZED WATER SERVICE	34.73
					Total :	**86.82**
122071	8/8/2019	10095 RASA	5299	52677	MAP CHECK	460.00
			5300	52677	MAP CHECK	580.00

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122071	8/8/2019	10095 10095 RASA	(Continued)		Total :	1,040.00
122072	8/8/2019	10097 ROMAINE ELECTRIC CORPORATION	12-046701	52654	VEHICLE SUPPLIES	209.16
					Total :	209.16
122073	8/8/2019	13153 ROTO-ROOTER PLUMBING &	SD255627	52651	PLUMBING REPAIRS	1,273.16
					Total :	1,273.16
122074	8/8/2019	10408 RUTLEDGE, DONALD	61818		INSTRUCTOR PAYMENT	3,465.00
					Total :	3,465.00
122075	8/8/2019	13171 SC COMMERCIAL, LLC	0690505-IN	52644	DELIVERED FUEL	532.12
			0691607-IN	52644	DELIVERED FUEL	302.46
			CL22058	52643	FLEET CARD FUELING	1,547.94
					Total :	2,382.52
122076	8/8/2019	10217 STAPLES ADVANTAGE	3418910218	52627	OFFICE SUPPLIES	58.06
					Total :	58.06
122077	8/8/2019	10119 STEVEN SMITH LANDSCAPE INC	41736	52665	A1 LANDSCAPE SERVICES	5,280.00
					Total :	5,280.00
122078	8/8/2019	10250 THE EAST COUNTY	839: 58|60|61		LEGAL POSTING 2019-07-04	1,470.00
					Total :	1,470.00
122079	8/8/2019	10550 UNIFORMS PLUS INC	50326	52632	CLASS B UNIFORMS	1,685.21
					Total :	1,685.21
122080	8/8/2019	12480 UNITED SITE SERVICES	114-8789365	52648	SANTEE SALUTES	1,497.94
			114-8789367	52648	SANTEE SALUTES	51.17
					Total :	1,549.11
122081	8/8/2019	11194 USAFACT INC	9071325		BACKGROUND CHECK	84.48
					Total :	84.48

29 Vouchers for bank code : ubgen — **Bank total : 261,674.18**

29 Vouchers in this report — **Total vouchers : 261,674.18**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount

Prepared by: _____
Date: 8-8-19

Approved by: _____
Date: 8-8-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122082	8/8/2019	13198 3-D ENTERPRISES, INC	8	52409	MAST PARK IMPROVEMENTS	1,348,051.50
			8R		RETENTION	-67,402.58
					Total :	**1,280,648.92**
122083	8/8/2019	12083 ANIMAL PEST MANAGEMENT	14033	52297	PEST CONTROL SERVICES	2,890.00
					Total :	**2,890.00**
122084	8/8/2019	10018 BENCHMARK LANDSCAPE SVCS INC	151720	52295	A3 LANDSCAPE SERVICES	9,776.96
			151721	52212	A2 LANDSCAPE SERVICES	10,575.00
			151916	52295	A3 LANDSCAPE SERVICES	2,145.00
					Total :	**22,496.96**
122085	8/8/2019	13364 BESTWAY LAUNDRY SOLUTIONS	I294641	52546	EXTRACTORS FIRE STATION #4 & #	19,998.59
					Total :	**19,998.59**
122086	8/8/2019	11916 BLIND SPEED/ SPARKLE BLINDS	64328	52404	BLIND REPAIR MATERIALS	741.67
					Total :	**741.67**
122087	8/8/2019	11169 CALIFORNIA WATERS LLC	6059	52206	FOUNTAIN MAINT & REPAIRS	2,543.28
					Total :	**2,543.28**
122088	8/8/2019	10429 CALPERS	100000015713246		CALPERS DEDUCTION SERVICES	6.12
					Total :	**6.12**
122089	8/8/2019	10040 COUNTYWIDE MECHANICAL SYSTEMS	16827	52363	HVAC MAINTENANCE	857.85
					Total :	**857.85**
122090	8/8/2019	10046 D MAX ENGINEERING INC	5104	52475	WATER QUALITY MONITORING	5,929.18
					Total :	**5,929.18**
122091	8/8/2019	10251 FEDERAL EXPRESS	6-575-60367		SHIPPING CHARGES	29.49
			6-590-75289		SHIPPING CHARGES	35.26
			6-604-80768		SHIPPING CHARGES	50.80
					Total :	**115.55**
122092	8/8/2019	13044 FIELDTURF USA, INC	658636	52441	SYNTHETIC TURF MAINTENANCE	5,742.74
			658637	52441	SYNTHETIC TURF MAINTENANCE	5,397.73

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122092	8/8/2019	13044 13044 FIELDTURF USA, INC	(Continued)		**Total :**	**11,140.47**
122093	8/8/2019	10196 FIRE PREVENTION SERVICES INC	06302019		WEED ABATEMENT	2,113.56
					Total :	**2,113.56**
122094	8/8/2019	10065 GLOBAL POWER GROUP INC	62771	52147	ELECTRICAL REPAIRS & MAINT	92.52
					Total :	**92.52**
122095	8/8/2019	10246 HUDSON SAFETY T LITE RENTALS	00063786	52242	TRAFFIC SIGNS	2,045.10
					Total :	**2,045.10**
122096	8/8/2019	11807 IMPERIAL SPRINKLER SUPPLY	3773401	52380	IRRIGATION SUPPLIES	997.67
					Total :	**997.67**
122097	8/8/2019	10982 MATSUSHITA, JUSTIN	07222019		CFED CONFERENCE	154.28
					Total :	**154.28**
122098	8/8/2019	11029 MISSION JANITORIAL SUPPLIES	637581-00	52243	JANITORIAL SUPPLIES	210.44
			648364-00	52243	JANITORIAL SUPPLIES	388.33
			648364-01	52243	JANITORIAL SUPPLIES	102.41
			648364-02	52243	JANITORIAL SUPPLIES	527.13
			651857	52243	JANITORIAL SUPPLIES	520.05
					Total :	**1,748.36**
122099	8/8/2019	12715 MORGAN, JEFF	062319		ITE CONFERENCE	223.00
					Total :	**223.00**
122100	8/8/2019	13056 PACIFIC SWEEPING	150014	52165	STREET SWEEPING SVCS	15,499.00
					Total :	**15,499.00**
122101	8/8/2019	11888 PENSKE FORD	99666	52149	VEHICLE SERVICE	54.68
					Total :	**54.68**
122102	8/8/2019	10093 PLAYPOWER LT FARMINGTON INC	1400233599	52247	PLAYGROUND PARTS/EQUIP	3,845.60
					Total :	**3,845.60**
122103	8/8/2019	10161 PRIZM JANITORIAL SERVICES INC	16044	52293	CUSTODIAL SERVICES - OFFICES	3,419.67
			16045	52192	CUSTODIAL SERVICES - PARKS	1,680.76

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122103	8/8/2019	10161 10161 PRIZM JANITORIAL SERVICES INC (Continued)			**Total :**	**5,100.43**
122104	8/8/2019	10150 PROBUILD	04-0238560	52283	BUILDING SUPPLIES	70.10
					Total :	**70.10**
122105	8/8/2019	10552 SAFEWAY SIGN COMPANY	15241	52285	FY 18/19 STREET NAME SIGNS	581.62
					Total :	**581.62**
122106	8/8/2019	10606 S.D. COUNTY SHERIFF'S DEPT.	SHERIFF JUNE 2019		LAW ENFORCEMENT JUNE 2019	1,200,935.47
					Total :	**1,200,935.47**
122107	8/8/2019	10768 SANTEE SCHOOL DISTRICT	8367	52379	JOINT USE FIELDS - RIO SECO	568.79
			8368	52379	JOINT USE FIELDS - RIO SECO	271.14
			8381	52379	JOINT USE FIELDS - RIO SECO	557.34
					Total :	**1,397.27**
122108	8/8/2019	10585 SHARP REES-STEALY MEDICAL	334037071		DMV EXAM	110.00
			334212922		DMV EXAM	49.00
					Total :	**159.00**
122109	8/8/2019	11122 SOUTHWEST PIPELINE AND	927-6	52225	CITYWIDE CMP LINING/REHAB	76,704.31
			927-6R		RETENTION	-3,835.22
					Total :	**72,869.09**
122110	8/8/2019	10119 STEVEN SMITH LANDSCAPE INC	41502	52198	A1 LANDSCAPE SERVICES	137.37
			41526	52198	A1 LANDSCAPE SERVICES	130.85
			41532	52198	A1 LANDSCAPE SERVICES	630.00
			41637	52198	A1 LANDSCAPE SERVICES	34,774.13
			41647	52198	A1 LANDSCAPE SERVICES	135.00
			41648	52198	A1 LANDSCAPE SERVICES	110.00
			41649	52198	A1 LANDSCAPE SERVICES	110.00
			41666	52198	A1 LANDSCAPE SERVICES	45.00
			41689	52198	A1 LANDSCAPE SERVICES	113.03
					Total :	**36,185.38**
122111	8/8/2019	13388 THOMSEN, DOUG	07102019		SEEC FORUM REIMBURSE	806.20
					Total :	**806.20**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122112	8/8/2019	11194 USAFACT INC	9062278		BACKGROUND CHECKS	37.04
			9062964		BACKGROUND CHECKS	18.52
			9070645		BACKGROUND CHECK	65.96
					Total :	**121.52**
122113	8/8/2019	10136 WEST COAST ARBORISTS INC	149517	52257	URBAN FORESTRY MGMT SVCS	15,750.00
			149980	52257	URBAN FORESTRY MGMT SVCS	15,400.00
					Total :	**31,150.00**
122114	8/8/2019	13152 WORKMAN, CARISA	03282019		WILDLND URBANINTERFACE CONI	363.00
			06212019		NFPA CONFERENCE	335.50
					Total :	**698.50**
122115	8/8/2019	10232 XEROX CORPORATION	0971162598	52279	COPY CHARGES & LEASE	241.47
			097543210	52279	COPY CHARGES	96.36
					Total :	**337.83**
122116	8/8/2019	10522 ZUMAR INDUSTRIES INC	83822	52352	SIGNS & SUPPLIES	734.45
					Total :	**734.45**

35 Vouchers for bank code : ubgen **Bank total : 2,725,289.22**

35 Vouchers in this report **Total vouchers : 2,725,289.22**

Prepared by: _____
Date: 8-8-19

Approved by: Heather Jennings
Date: 8-8-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
632	8/13/2019	12774 LIABILITY CLAIMS ACCOUNT	07312019		LIABILITY CLAIMS	1,500.00
					Total :	1,500.00

1 Vouchers for bank code : ubgen — Bank total : 1,500.00

1 Vouchers in this report — Total vouchers : 1,500.00

Prepared by: [signature]
Date: 8-14-19

Approved by: Heather Jennings
Date: 8-15-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122117	8/14/2019	10924 BATTISTI, JEREMY	17802		EMPLOYEE REIMBURSEMENT	200.00
					Total :	**200.00**
122118	8/14/2019	10021 BOUND TREE MEDICAL LLC	83267754	52673	EMS SUPPLIES	428.42
			83277933	52673	EMS SUPPLIES	86.25
			83281173	52673	EMS SUPPLIES	1.91
			83284376	52673	EMS SUPPLIES	764.68
			83284377	52673	EMS SUPPLIES	506.20
			83284378	52673	EMS SUPPLIES	46.25
			83286183	52673	EMS SUPPLIES	74.34
			83286184	52673	EMS SUPPLIES	283.60
			83286185	52673	EMS SUPPLIES	49.56
			83286186	52673	EMS SUPPLIES	1,086.31
			83287791	52673	EMS SUPPLIES	49.56
					Total :	**3,377.08**
122119	8/14/2019	10299 CARQUEST AUTO PARTS	11102-487683	52574	VEHICLE REPAIR PARTS	16.71
			11102-487746	52574	VEHICLE REPAIR PARTS	27.73
			11102-487980	52574	VEHICLE REPAIR PARTS	181.92
					Total :	**226.36**
122120	8/14/2019	10050 CITY OF EL CAJON	HTFA000150		HFTA FEES-1ST QUARTER	17,280.00
					Total :	**17,280.00**
122121	8/14/2019	10333 COX COMMUNICATIONS	038997401		10601 N MAGNOLIA AVE	105.11
					Total :	**105.11**
122122	8/14/2019	13389 CROW CANYON SYSTEMS INC	2019-313	52674	SOFTWARE	2,880.00
					Total :	**2,880.00**
122123	8/14/2019	12483 DISCOUNT SIGNS AND BANNERS	5189	52586	EQUIPMENT ID DECALS	182.31
					Total :	**182.31**
122124	8/14/2019	10251 FEDERAL EXPRESS	6-631-97683		SHIPPING CHARGES	29.36
					Total :	**29.36**
122125	8/14/2019	10066 GLOBALSTAR USA LLC	1000000010471282		SATELLITE PHONE SERVICE	91.28

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122125	8/14/2019	10066 10066 GLOBALSTAR USA LLC	(Continued)		Total :	**91.28**
122126	8/14/2019	10256 HOME DEPOT CREDIT SERVICES	0153109	52597	STATION SUPPLIES	10.71
			0153110	52597	STATION SUPPLIES	4.72
			3153091	52597	STATION SUPPLIES	47.30
			8163871	52597	SMALL TOOLS	40.88
					Total :	**103.61**
122127	8/14/2019	10301 HORSMAN AUTOMOTIVE	423002	52598	VEHICLE MAINTENANCE	48.00
					Total :	**48.00**
122128	8/14/2019	11864 KIRKLAND PRINTING & MAILING	977		CENTRAL SUPPLIES-LTRHD STATIC	174.56
					Total :	**174.56**
122129	8/14/2019	13404 HALE, JOSEPH	Ref000058492		CORRECT LICENSE TYPE	41.00
					Total :	**41.00**
122130	8/14/2019	11284 MRC	IN1160810		XEROX MOVED 3 COPIERS	300.00
					Total :	**300.00**
122131	8/14/2019	13369 NATIONWIDE MEDICAL	I048434	52658	EMS SUPPLIES	571.90
					Total :	**571.90**
122132	8/14/2019	10344 PADRE DAM MUNICIPAL WATER DIST	90000366		GROUP BILL	43,892.05
					Total :	**43,892.05**
122133	8/14/2019	10090 PARKHOUSE TIRE INC	3010299516	52613	TIRES	713.54
					Total :	**713.54**
122134	8/14/2019	12945 PD GOLF	001		INSTRUCTOR PAYMENT	288.75
					Total :	**288.75**
122135	8/14/2019	11888 PENSKE FORD	10258024	52616	VEHICLE REPAIR PART	24.29
					Total :	**24.29**
122136	8/14/2019	12062 PURETEC INDUSTRIAL WATER	1731749	52661	DEIONIZED WATER SERVICE	99.22
					Total :	**99.22**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account		Amount
122137	8/14/2019	10095 RASA	5304	52677	MAP CHECK		315.00
						Total :	**315.00**
122138	8/14/2019	10096 ROGER DANIELS ALIGN & BRAKE	37250	52621	VEHICLE MAINTENANCE		93.93
						Total :	**93.93**
122139	8/14/2019	13153 ROTO-ROOTER PLUMBING &	SD254971	52651	PLUMBING REPAIRS		191.58
			SD255379	52651	PLUMBING REPAIRS		836.65
						Total :	**1,028.23**
122140	8/14/2019	13171 SC COMMERCIAL, LLC	0692729-IN	52644	DELIVERED FUEL		895.76
			0693872-IN	52644	DELIVERED FUEL		564.87
			CL23162	52643	FLEET CARD FUELING		1,479.31
						Total :	**2,939.94**
122141	8/14/2019	11056 STANDARD ELECTRONICS	S42978	52625	SECURITY SYS - MONITOR		4,545.00
			S42981	52625	SECURITY SYSTEM		1,615.79
			S42999	52625	SECURITY SYSTEM		190.00
						Total :	**6,350.79**
122142	8/14/2019	13402 STEELE, JOE	Ref000058464		LI Refund Cst #22381		41.00
						Total :	**41.00**
122143	8/14/2019	10119 STEVEN SMITH LANDSCAPE INC	41785	52665	A1 LANDSCAPE SERVICES		110.00
			41786	52665	A1 LANDSCAPE SERVICES		110.00
			41787	52665	A1 LANDSCAPE SERVICES		135.00
						Total :	**355.00**
122144	8/14/2019	10121 SUPERIOR READY MIX LP	62322	52678	ASPHALT MATERIALS		119.60
			62485	52678	ASPHALT MATERIALS		267.22
						Total :	**386.82**
122145	8/14/2019	10250 THE EAST COUNTY	00084368		PUB ORD 567		122.50
			00084575/84576		PUBLIC NOTICE		966.00
						Total :	**1,088.50**
122146	8/14/2019	10183 THE MIGHTY UNTOUCHABLES LLC	08222019	52630	SANTEE SUMMER CONCERTS		1,500.00

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122146	8/14/2019	10183 10183 THE MIGHTY UNTOUCHABLES LLC (Continued)			Total :	1,500.00
122147	8/14/2019	10475 VERIZON WIRELESS	9833844523		WIFI SERVICE	646.17
					Total :	646.17
122148	8/14/2019	10537 WETMORES	63097873	52638	SHOP SUPPLIES	46.99
					Total :	46.99
122149	8/14/2019	10318 ZOLL MEDICAL CORPORATION	2908172	52655	EMS SUPPLIES	327.29
					Total :	327.29
33 Vouchers for bank code : ubgen					Bank total :	85,748.08
33 Vouchers in this report					Total vouchers :	85,748.08

Prepared by: [signature]
Date: 8/14/19

Approved by: Heather Jennings
Date: 8/14/19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122150	8/14/2019	10142 CSA SAN DIEGO COUNTY	567	52369	CDBG SUBRECIPIENT	2,468.84
					Total :	**2,468.84**
122151	8/14/2019	12637 DAVE BANG ASSOCIATES, INC.	47116	52357	PLAYGROUND PARTS	2,037.00
					Total :	**2,037.00**
122152	8/14/2019	12717 HOUSING & COMMUNITY DEV SVCS	08082019		HOME FUND ASSET TRANSFER	49,202.25
					Total :	**49,202.25**
122153	8/14/2019	10997 LAKESIDE FIRE PREVENTION	137		EMS SERVER SUBSCRIPTION	2,145.00
					Total :	**2,145.00**
122154	8/14/2019	10150 PROBUILD	04-239273	52283	BUILDING MATERIALS	1,689.83
					Total :	**1,689.83**
122155	8/14/2019	10585 SHARP REES-STEALY MEDICAL	334890488		PREPLACEMENT PHYSICAL	48.00
			334890489		PREPLACEMENT PHYSICAL	54.00
			334891817		PREPLACEMENT PHYSICAL	48.00
			334910004		MEDICAL TESTS	2,044.00
					Total :	**2,194.00**
122156	8/14/2019	10232 XEROX CORPORATION	097543209	52211	COPY CHARGES - FIRE ADMIN	78.92
			097543211	52229	COPY CHARGES & LEASE	126.94
					Total :	**205.86**

7 Vouchers for bank code : ubgen **Bank total :** **59,942.78**

7 Vouchers in this report **Total vouchers :** **59,942.78**

Prepared by: _____
Date: 8-14-19

Approved by: Heather Jennings
Date: 8-14-19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
634	8/14/2019	10482 TRISTAR RISK MANAGEMENT	107728		WORKERS' COMPENSATION	2,669.57
					Total :	**2,669.57**

1 Vouchers for bank code : ubgen **Bank total : 2,669.57**

1 Vouchers in this report **Total vouchers : 2,669.57**

Prepared by: _____
Date: 8-14-19

Approved by: _____
Date: 8.15.19

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
122157	8/15/2019	12903 AMERICAN FIDELITY ASSURANCE CO	2046631		FLEXIBLE SPENDING ACCOUNT	2,845.78
					Total :	**2,845.78**
122158	8/15/2019	12722 FIDELITY SECURITY LIFE	163988091		EYEMED - VOLUNTARY VISION	765.07
					Total :	**765.07**
122159	8/15/2019	10844 FRANCHISE TAX BOARD	PPE 08/07/19		WITHHOLDING ORDER	25.00
					Total :	**25.00**
122160	8/15/2019	10508 LIFE INSURANCE COMPANY OF	August 2019		LTD/LIFE INSURANCE	2,723.12
					Total :	**2,723.12**
122161	8/15/2019	10784 NATIONAL UNION FIRE INSURANCE	August 2019		VOLUNTARY AD&D	93.00
					Total :	**93.00**
122162	8/15/2019	10335 SAN DIEGO FIREFIGHTERS FEDERAL	August 2019		LONG TERM DISABILITY-SFFA	1,127.00
					Total :	**1,127.00**
122163	8/15/2019	10424 SANTEE FIREFIGHTERS	PPE 08/07/19		DUES/PEC/BENEVOLENT/BC EXP	2,684.71
					Total :	**2,684.71**
122164	8/15/2019	12892 SELMAN & COMPANY	August 2019		ID THEFT PROTECTION	190.00
					Total :	**190.00**
122165	8/15/2019	10776 STATE OF CALIFORNIA	PPE 08/07/19		WITHHOLDING ORDER	308.30
					Total :	**308.30**
122166	8/15/2019	10001 US BANK	PPE 08/07/19		PARS RETIREMENT	1,610.24
					Total :	**1,610.24**
122167	8/15/2019	10959 VANTAGE TRANSFER AGENT/457	PPE 08/07/19		ICMA - 457	30,623.44
					Total :	**30,623.44**

11 Vouchers for bank code : ubgen **Bank total :** **42,995.66**

11 Vouchers in this report **Total vouchers :** **42,995.66**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount

Prepared by: _____
Date: 8-15-19

Approved by: _____
Date: 8-15-19

City of Santee

COUNCIL AGENDA STATEMENT

Item 4

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE APPROVAL OF THE EXPENDITURE OF $83,576.26 FOR JULY 2019 LEGAL SERVICES AND RELATED COSTS

DIRECTOR/DEPARTMENT Tim K. McDermott, Finance

SUMMARY

Legal services invoices proposed for payment for the month of July 2019 total $83,576.26 as follows:

1)	General Retainer Services	$ 16,101.86
2)	Labor & Employment	4,310.50
3)	Litigation & Claims	2,643.68
4)	Special Projects - General Fund	42,458.75
5)	Special Projects – Other Funds	1,165.00
6)	Third-Party Reimbursable Projects	16,896.47
	Total	$ 83,576.26

FINANCIAL STATEMENT

General Fund:	AMOUNT	BALANCE
Adopted Budget	$ 572,120.00	
Revised Budget	$ 572,120.00	
Prior Expenditures	-	
Current Request	(65,514.79)	$ 506,605.21
Other Funds (excluding applicant initiated items):		
Adopted Budget	$ 26,400.00	
Revised Budget	$ 26,400.00	
Prior Expenditures	-	
Current Request	(1,165.00)	$ 25,235.00

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION

MSB

Approve the expenditure of $83,576.26 for July 2019 legal services and related costs.

ATTACHMENT (Listed Below)

Legal Services Billing Summary

LEGAL SERVICES BILLING SUMMARY
FY 2019-20

Category	Adopted Budget	Revised Budget	Spent Year to Date	Available Balance	Current Request Mo/Yr	Current Request Amount
General Fund:						
General / Retainer	$ 186,120.00	$ 186,120.00	$ -	$ 186,120.00	Jul-19	$ 16,101.86
Labor & Employment	60,000.00	60,000.00	-	60,000.00	Jul-19	4,310.50
Litigation & Claims	70,000.00	70,000.00	-	70,000.00	Jul-19	2,643.68
Special Projects	256,000.00	256,000.00	-	256,000.00	Jul-19	42,458.75
Total	$ 572,120.00	$ 572,120.00	$ -	$ 572,120.00		$ 65,514.79
Other City Funds:						
Special Projects	$ 21,400.00	$ 21,400.00	$ -	$ 21,400.00	Jul-19	$ 792.20
MHFP Commission	5,000.00	5,000.00	-	5,000.00	Jul-19	372.80
Total	$ 26,400.00	$ 26,400.00	$ -	$ 26,400.00		$ 1,165.00
Third-Party Reimbursable:						
Sky Ranch	n/a	n/a	$ -	n/a	Jul-19	$ 421.00
Lantern Crest	n/a	n/a	-	n/a	Jul-19	3,459.20
Weston	n/a	n/a	-	n/a	Jul-19	1,073.58
Home Fed Project	n/a	n/a	-	n/a	Jul-19	9,253.97
MSCP - Subarea Plan	n/a	n/a	-	n/a	Jul-19	596.80
Cornerstone Communities	n/a	n/a	-	n/a	Jul-19	2,073.00
Hillside Meadows Mitigation	n/a	n/a	-	n/a	Jul-19	18.92
Total			$ -			$ 16,896.47

Total Previously Spent to Date FY 2019-20	
General Fund	**$ -**
Other City Funds	**-**
Applicant Deposits	**-**
Total	**$ -**

Total Proposed for Payment	
General Fund	**$ 65,514.79**
Other City Funds	**1,165.00**
Applicant Deposits	**16,896.47**
Total	**$ 83,576.26**

City of Santee

COUNCIL AGENDA STATEMENT

Item 5

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **SECOND READING AND ADOPTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA AMENDING TITLE 12 ("SUBDIVISIONS") AND TITLE 13 ("ZONING ORDINANCE") OF THE CITY OF SANTEE MUNICIPAL CODE TO WAIVE CITY DEVELOPMENT IMPACT FEES FOR ACCESSORY DWELLING UNITS FOR A FIVE (5) YEAR TRIAL PERIOD AND APPROVING AN EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) IN ACCORDANCE WITH SECTIONS 15303 AND 15601(b)(3) OF THE CEQA GUIDELINES AND SECTION 21080.17 OF THE PUBLIC RESOURCES CODE (CASE FILE: ZOA 2019-1)**

DIRECTOR/DEPARTMENT Annette Ortiz, City Clerk

SUMMARY

The Introduction and First Reading of the above-entitled Ordinance was approved at a Regular Council Meeting on Wednesday, August 14, 2019. The Ordinance is now presented for Second Reading by title only, and adoption.

Vote at First Reading:	AYES:	HALL, HOULAHAN, KOVAL, MCNELIS, MINTO
	NOES:	NONE
	ABSENT:	NONE

FINANCIAL STATEMENT None

CITY ATTORNEY REVIEW ☐ N/A ☐ Completed

RECOMMENDATION MDB

Adopt Ordinance.

ATTACHMENTS

Ordinance

ORDINANCE NO. 568

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA AMENDING TITLE 12 ("SUBDIVISIONS") AND TITLE 13 ("ZONING ORDINANCE") OF THE CITY OF SANTEE MUNICIPAL CODE TO WAIVE CITY DEVELOPMENT IMPACT FEES FOR ACCESSORY DWELLING UNITS FOR A FIVE (5) YEAR TRIAL PERIOD AND APPROVING AN EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) IN ACCORDANCE WITH SECTIONS 15303 AND 15601(b)(3) OF THE CEQA GUIDELINES AND SECTION 21080.17 OF THE PUBLIC RESOURCES CODE (CASE FILE: ZOA 2019-1)

WHEREAS, the proposed change to Title 12 and Title 13 of the Santee Municipal Code (SMC) is consistent with Program 10 of the Housing Element which encourages fee reductions to facilitate affordable housing production; and

WHEREAS, the proposed change to Title 12 and Title 13 of the SMC is consistent with Objective 5.0 of the Housing Element which encourages the provision of a wide range of housing by location, type of unit, and price to meet the existing and future need of Santee residents to the maximum extent possible; and

WHEREAS, the proposed change to Title 12 and Title 13 of the SMC is consistent with Policy 6.1 of the Housing Element which promotes efficient and creative alternatives to help reduce government constraints; and

WHEREAS, many jurisdictions in the San Diego region have lowered or eliminated Development Impact Fees applied to the construction of Accessory Dwelling Units (ADUs) as a way to encourage increased production of affordable housing units; and

WHEREAS, it is the intent of recent State affordable housing legislation that provisions in a local ordinance on ADUs, including fees, not be so arbitrary, excessive, or burdensome as to unreasonably restrict the ability to develop ADUs; and

WHEREAS, SMC Section 12.30.080 ("Exceptions"), SMC Section 13.08.020(A)(5) ("Projects requiring development review"), and SMC Section 13.10.030(F)(6) ("Accessory dwelling units") will be amended to temporarily waive all Development Impact Fees for a period of five years; and

WHEREAS, a five-year trial period was created to assess if lowered fees will result in an increase of ADUs; and

WHEREAS, waiving the City's Development Impact Fees could encourage the development of ADUs and increase affordable housing in the City.

NOW, THEREFORE, the City Council of the City of Santee, California, does ordain as follows:

SECTION 1. The City Council finds that this Ordinance is exempt from the California Environmental Quality Act ("CEQA") review pursuant to CEQA Guidelines Sections 15303 and 15061(b)(3) and Public Resources Code Section 21080.17.

State CEQA Guidelines section 15303 exempts the construction of new, small structures. The proposed ordinance waives development impact fees for accessory dwelling units and is consistent with Section 15303 of the CEQA Guidelines. State CEQA Guidelines section 15061(b)(3) exempts projects for which it can be seen with certainty that there is no possibility of causing a significant effect on the environment and Public Resources Code section 21080.17 applies to local ordinances implementing State regulations related to accessory dwelling units.

SECTION 2. The City Council hereby finds that all of the foregoing recitals and the staff report presented herewith are true and correct and are hereby incorporated and adopted as findings of the City Council as if fully set forth herein.

SECTION 3. Title 12 ("Subdivisions") and Title 13 ("Zoning Ordinance") of the Santee Municipal Code is hereby amended with the following additions, shown as underlined text, to read as follows:

CHAPTER 12.30 DEVELOPMENT IMPACT FEES

Section 12.30.080 Exceptions

F. All applicable development impact fees for an accessory dwelling unit shall be waived for a five-year period, commencing on September 27, 2019, and ending on September 27, 2024.

CHAPTER 13.08 DEVELOPMENT REVIEW

Section 13.08.020(A)(5) Projects requiring development review

5. Construction of an accessory dwelling unit. All applicable development impact fees for an accessory dwelling unit shall be waived for a five-year trial period, commencing on September 27, 2019, and ending on September 27, 2024.

CHAPTER 13.10 RESIDENTIAL DISTRICTS

Section 13.10.30(F)(6) Accessory dwelling units

(z). All applicable development impact fees for an accessory dwelling unit shall be waived for a five-year trial period, commencing on September 27, 2019, and ending on September 27, 2024.

SECTION 4. Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is held to be invalid or unconstitutional

by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 5. Upon adoption of the Ordinance, the added text shown shall be incorporated into the Zoning Ordinance.

SECTION 6. This Ordinance shall become effective thirty (30) days after its passage.

SECTION 7. The City Clerk is hereby directed to certify the adoption of this ordinance, to file a Notice of Exemption, and cause the same to be published as required by law.

INTRODUCED AND FIRST READ at a Regular Meeting of the City Council of the City of Santee, California, on the 14th day of August, 2019, and thereafter **ADOPTED** at a Regular Meeting of said City Council held on the 28th day of August, 2019, by the following vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____

JOHN W. MINTO, MAYOR

ATTEST:

_____

ANNETTE ORTIZ, MBA, CMC, CITY CLERK

City of Santee

COUNCIL AGENDA STATEMENT

Item 6

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, ACCEPTING THE DESIGNATION OF UNITED STATES BIKE ROUTE 90 THROUGH THE CITY VIA EL NOPAL, MAGNOLIA AVENUE, AND MAST BOULEVARD BETWEEN LOS RANCHITOS ROAD TO THE EAST AND THE WESTERN CITY LIMIT**

DIRECTOR/DEPARTMENT Melanie Kush, Development Services MK

SUMMARY

The American Association of State Highway and Transportation Officials (AASHTO) is the organization responsible for coordinating and designating the numbering of interstate highways including bikeways. In 2008 AASHTO established a national corridor plan for United States Bicycle Routes (USBR) to facilitate travel between the states over existing routes which have been identified as being suitable for cycling. USBR routes almost exclusively use roads and streets suitable for bicycle travelers. Facility construction or upgrades are not required – State Departments of Transportation (DOTs) determine road suitability and submit applications to AASHTO for USBR designation. State DOTs must confirm the local jurisdiction's support for the designations and the proposed route; Caltrans is the agency leading this effort in California. A letter of support or a resolution has been requested. Staff has prepared a resolution that would be provided to Caltrans.

City staff was approached by Adventure Cycling Association which is working with AASHTO and Caltrans to establish USBR 90 through California. The proposed USBR 90 in the City of Santee goes through the following streets:

- El Nopal from Los Ranchitos Road to Magnolia Avenue
- Magnolia Avenue from El Nopal to Mast Boulevard
- Mast Boulevard from Magnolia Avenue to the western City limit

All three streets in Santee have existing bike lanes. There is no cost to the City for accepting a USBR, nor are there any special requirements for the City in terms of design, operation, and maintenance of the designated route through the City. Exhibit A to the Resolution depicts the route in Santee.

FINANCIAL STATEMENT

There is no cost to the City in accepting the US Bicycle Route designation and for posting of signs.

CITY ATTORNEY REVIEW ☐ N/A ☐ Completed

RECOMMENDATION

Adopt the attached Resolution accepting the designation of USBR 90 for El Nopal, Magnolia Avenue, and Mast Boulevard from Los Ranchitos Road to the east to the western city limit.

ATTACHMENT

Resolution with Exhibit A
USBR Map

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, ACCEPTING THE DESIGNATION OF UNITED STATES BIKE ROUTE 90 THROUGH THE CITY VIA EL NOPAL, MAGNOLIA AVENUE, AND MAST BOULEVARD BETWEEN LOS RANCHITOS ROAD TO THE EAST AND THE WESTERN CITY LIMIT

WHEREAS, bicycle tourism is a growing industry in North America, contributing $47 billion a year to the economies of communities that provide facilities for such tourists; and

WHEREAS, the American Association of State Highway and Transportation Officials (AASHTO) has designated a corridor crossing California to be developed as United States Bike Route 90 (USBR 90); and

WHEREAS, the Adventure Cycling Association, with the cooperation of the California Department of Transportation and other stakeholders, has proposed a specific route to be designated as USBR 90; and

WHEREAS, the proposed route for USBR 90 comes through the City of Santee via the following streets:

- El Nopal from Los Ranchitos Road to Magnolia Avenue
- Magnolia Avenue from El Nopal to Mast Boulevard
- Mast Boulevard from Magnolia Avenue to the western city limit

A map of the route is attached hereto as Exhibit A; and

WHEREAS, the City finds the route to be suitable, and desires that the route be designated so that it can be mapped and signed, thereby promoting bicycle tourism in our area, and benefiting residents and businesses.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Santee, California, that the City of Santee hereby accepts the designation of USBR 90, requests that the route is officially designated by AASHTO, and authorizes the posting of signs within the City of Santee right-of-way, subject to City review and permitting requirements.

ADOPTED by the City Council of the City of Santee, California, at a Regular meeting thereof held this 28th day of August, 2019, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

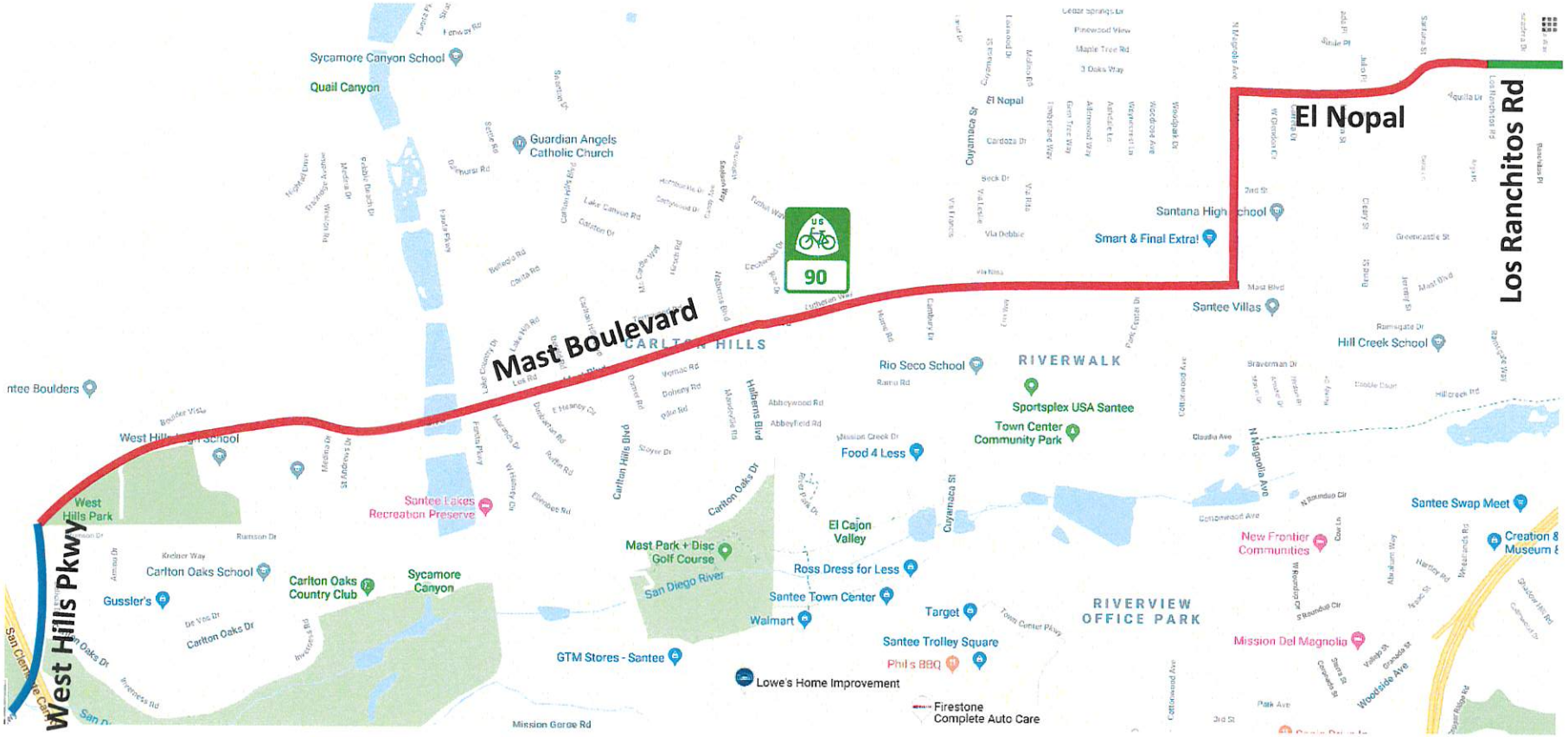
_____
JOHN W. MINTO, MAYOR

ATTEST:

_____
ANNETTE ORTIZ, MBA, CMC, CITY CLERK

Exhibit A

Exhibit A- USBR 90 through Santee



Route in Santee

Route in City of San Diego

Route in County of San Diego

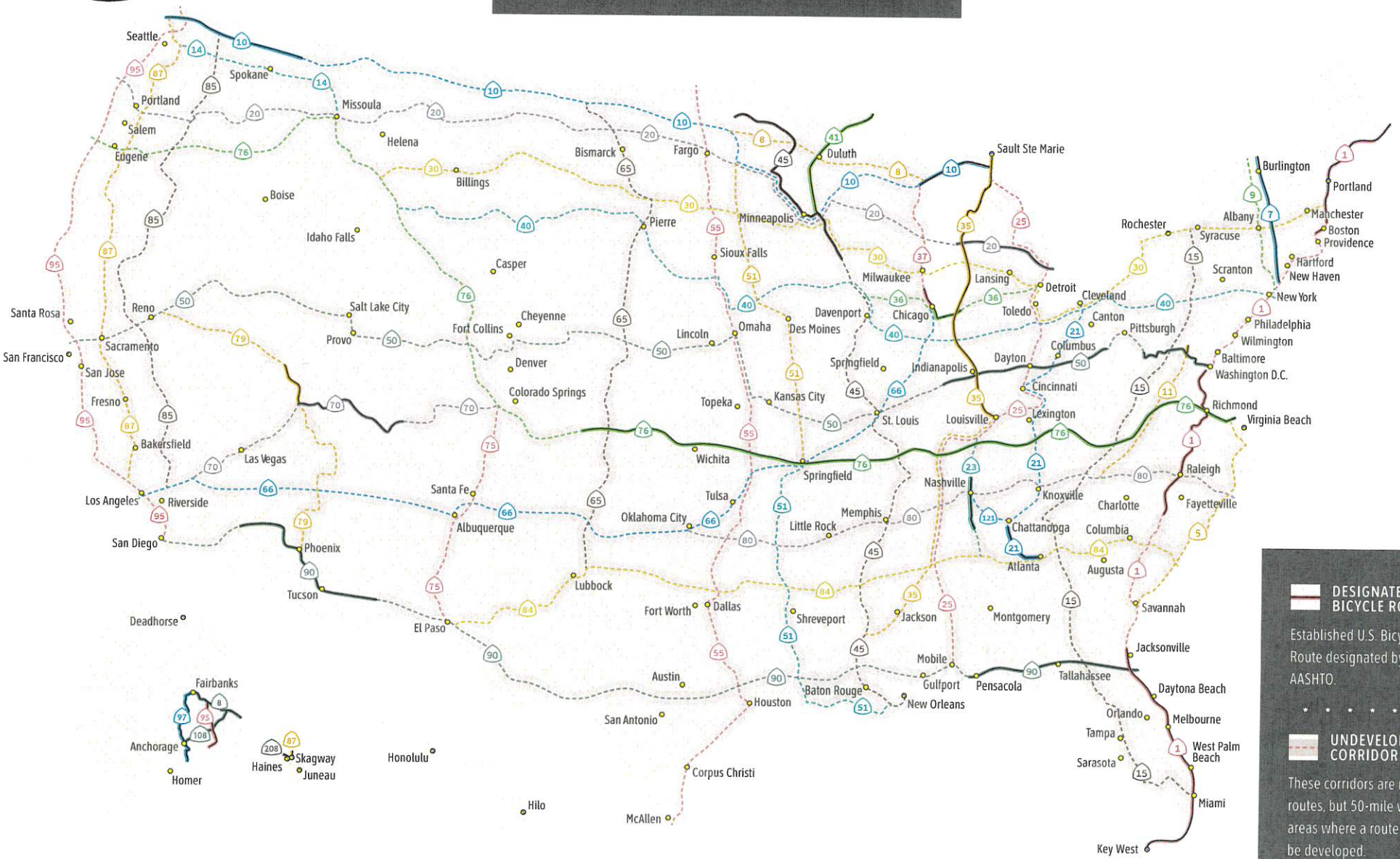
NATIONAL CORRIDOR PLAN

December 2016

The goal of The United States Bicycle Route System is to connect America through a network of numbered interstate bicycle routes.

Adventure Cycling Association
America's bicycle travel experts

American Association of State Highway and Transportation Officials
AASHTO
The Voice of Transportation



DESIGNATED U.S. BICYCLE ROUTE

Established U.S. Bicycle Route designated by AASHTO.

UNDEVELOPED CORRIDOR

These corridors are not routes, but 50-mile wide areas where a route may be developed.

ADVENTURECYCLING.ORG/USBRS

City of Santee

COUNCIL AGENDA STATEMENT

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **PURCHASE OF ONE NEW X SERIES EKG MONITOR/DEFIBRILLATOR AND ONE NEW AUTOPULSE AUTOMATED CPR BOARD FROM ZOLL MEDICAL CORPORATION PER NATIONAL PURCHASING PARTNERS CONTRACT PRICING**

DIRECTOR/DEPARTMENT John Garlow, Fire Chief

SUMMARY

This item requests authorization to purchase the following items: One (1) "X Series" EKG monitor/defibrillator with associated necessary accessories; two (2) six-hour rechargeable Smart batteries; one (1) "AutoPulse" automated, mechanical CPR board; three (3) "AutoPulse" lithium-ion batteries. All items are to be purchased from Zoll Medical Corporation for the Fire Department to replace older technology equipment currently in service on ambulances and first-responder apparatus.

Santee Municipal Code Section 3.24.130 authorizes the City to purchase equipment and supplies from a vendor at a price established by competitive or competitively negotiated bid by another public agency as long as that bid substantially complied with the formal bidding procedures in Santee Municipal Code Section 3.24.100. City staff recommends that the EKG monitor/defibrillator, EKG batteries, AutoPulse CPR board and AutoPulse batteries be purchased pursuant to National Purchasing Partners ("NPP") Contract #VH11129 with Zoll Medical Corporation for a total amount not to exceed $49,721.09. The City has determined that the publicly-bid NPP Contract #VH11129 substantially complied with the City's formal bidding procedures set forth in Santee Municipal Code Section 3.24.100.

FINANCIAL STATEMENT

Adequate funding for the purchase of one (1) X Series EKG monitor/defibrillator, two (2) six-hour rechargeable smart batteries, one (1) AutoPulse CPR board and three (3) AutoPulse lithium-ion batteries is included in the FY 2019-20 Emergency Medical Services (CSA-69) Capital Outlay – Medical Equipment account (#1001.03.2203.60030).

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION

Authorize the purchase of one (1) X Series EKG monitor/defibrillator, two (2) six-hour rechargeable Smart batteries, one (1) AutoPulse CPR board and three (3) "AutoPulse" lithium-ion batteries from Zoll Medical Corporation for an amount not to exceed $49,721.09.

ATTACHMENTS

None

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE RESOLUTION AUTHORIZING PORTAL TO PORTAL COMPENSATION AND OVERTIME PAY IN ACCORDANCE WITH STATE AND FEDERAL LAWS FOR FIRE DEPARTMENT EMPLOYEES OPERATING UNDER THE CALIFORNIA FIRE ASSISTANCE AGREEMENT

DIRECTOR/DEPARTMENT John Garlow, Fire Department

SUMMARY

When the City of Santee receives a request for assistance through the State Fire and Rescue Mutual Aid System and sends resources such as engines or overhead assignments out on strike team responses, our personnel receive compensation from portal to portal, not for actual hours worked on an incident.

In accordance with the California Fire Assistance Agreement, an agency seeking reimbursement for personnel for more than the actual hours worked on an incident is required to adopt a resolution indicating how personnel will be compensated (portal to portal). The last such resolution was adopted by the City Council on September 23, 2015. However, this resolution did not specifically list the Deputy Fire Chief position. Thus, a new resolution has been brought forward for City Council adoption which includes the Deputy Fire Chief position in the listing of Fire Department response personnel who may be assigned to incidents outside of the City and are eligible for portal to portal reimbursement. See the attached Staff Report for additional information.

FINANCIAL STATEMENT

Adoption of the resolution will allow the City to request reimbursement for eligible costs, including time from portal to portal, which exceeds the actual hours worked on incidents for Fire Department employees, including the Deputy Fire Chief, operating under the California Fire Assistance Agreement.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION

Adopt the attached resolution authorizing portal to portal compensation and overtime pay in accordance with State and Federal laws for Fire Department employees operating under the California Fire Assistance Agreement.

ATTACHMENTS

Staff Report
Resolution

STAFF REPORT

RESOLUTION AUTHORIZING PORTAL TO PORTAL COMPENSATION AND OVERTIME PAY IN ACCORDANCE WITH STATE AND FEDERAL LAWS FOR FIRE DEPARTMENT EMPLOYEES OPERATING UNDER THE CALIFORNIA FIRE ASSISTANCE AGREEMENT

August 28, 2019

It is in the best interest of State, Federal and local government agencies to cooperate to achieve objectives of common interest and concern. The concept of a functionally integrated fire protection system involving Federal, State and local government resources is the most effective method of delivering fire protection where life, property and natural resource values are at risk.

There is an array of agreements at various levels of governments and between agencies that allow for and provide assistance during times of emergencies. These agreements may provide assistance in the form of mutual aid, where assistance is rendered free of charge (non-reimbursable, generally a short duration assignment) or assistance by hire where the assistance will be paid for (reimbursed) by the user.

However, at times of severe wildland fire conditions, the Forest Agencies may have need of local government resources to provide structural protection or to supplement their respective agency-controlled resources to aid in the suppression effort. The agreement for local government fire and emergency assistance to the State of California and Federal fire agencies, referred to as the California Fire Assistance Agreement (CFAA), is the instrument that endorses this cooperation. The agreement makes California Emergency Management Agency (Cal EMA) and/or various local government jurisdictions' emergency fire resources available for dispatch and use through the State Fire and Rescue Mutual Aid System. Reimbursement begins 12 hours after the initial dispatch and is retroactive to the time of the initial dispatch. If the length of the assignment is less than 12 hours, there is no reimbursement.

When the City of Santee receives a request for assistance through the State Fire and Rescue Mutual Aid System and sends resources such as engines or overhead assignments out on strike team responses, our personnel receive compensation from portal to portal, not for just the actual hours worked.

Under the California Fire Assistance Agreement, the following definitions apply:

Portal To Portal shall mean the time of initial dispatch from home base to the time of return to home base.

Actual Hours Worked shall mean the time/hours actually worked on the incident.

In accordance with the California Fire Assistance Agreement, the City Council is required to adopt by resolution a provision to compensate Fire Department employees for more than actual hours worked on an incident, listing the specific positions covered, and shall indicate how personnel will be compensated (portal to portal).

STAFF RECOMMENDS: Adoption of the attached resolution authorizing portal to portal compensation and overtime pay in accordance with State and Federal laws for Fire Department employees operating under the California Fire Assistance Agreement.

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, AUTHORIZING PORTAL TO PORTAL COMPENSATION AND OVERTIME PAY IN ACCORDANCE WITH STATE AND FEDERAL LAWS FOR FIRE DEPARTMENT EMPLOYEES OPERATING UNDER THE CALIFORNIA FIRE ASSISTANCE AGREEMENT

WHEREAS, the City of Santee is a public agency located in the County of San Diego, State of California; and

WHEREAS, it is the City's desire to provide fair and legal payment to all its employees for time worked; and

WHEREAS, in accordance with the California Fire Assistance Agreement, an agency seeking reimbursement for personnel for more than actual hours worked on an incident (portal to portal) is required to adopt a resolution indicating how personnel will be compensated; and

WHEREAS, the City has in its employ, Fire Department response personnel which may include the following positions: Fire Chief, Deputy Fire Chief, Fire Division Chief, Fire Battalion Chief, Fire Captain, Fire Engineer, and Firefighter/Paramedic; and

WHEREAS, City response personnel are occasionally assigned to respond to emergencies outside of the City in response to requests for mutual aid from outside agencies, and

WHEREAS, the City will compensate its employees portal to portal while in the course of their employment and away from their official duty station and assigned to an emergency incident, in support of an emergency incident, or pre-positioned for emergency response, and

WHEREAS, the City will compensate its employees overtime in accordance with state and federal laws while in the course of their employment and away from their official duty station and assigned to an emergency incident, in support of an emergency incident, or pre-positioned for emergency response.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santee, California, that the conditions set forth in this resolution, as stated above, take effect upon adoption by the City of Santee.

ADOPTED by the City Council of the City of Santee, California, at a Regular meeting thereof held this 28th day of August, 2019, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____
JOHN W. MINTO, MAYOR

ATTEST:

_____
ANNETTE ORTIZ, MBA, CMC, CITY CLERK

City of Santee

COUNCIL AGENDA STATEMENT

Item 9

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE RESOLUTION APPROVING THREE CLASSIFICATION CHANGES AND AMENDING THE SALARY SCHEDULE

DIRECTOR/DEPARTMENT Jessie Bishop, Human Resources JB

SUMMARY

The Human Resources staff conducted a classification and compensation review of the vacant Deputy City Clerk position in the Department of the City Clerk and vacant Management Assistant and Lead Maintenance Worker positions in the Community Services Department. The findings of the study indicate that, to perform the higher level responsibilities required, the Deputy City Clerk and Management Assistant positions would be more appropriately classified as Assistant City Clerk and Management Analyst respectively. The findings of the study also indicate that the Lead Maintenance Worker classification would be more appropriately titled as Facilities Maintenance Supervisor. This action would result in no change to the total number of budgeted FTE positions.

At the August 14, 2019 City Council meeting, Council adopted Resolution No. 079-2019 which provides for a 2.5% increase to the Mayor and City Council salaries, effective August 22, 2019.

California Code of Regulations, Title 2, Section 570.5 requires that, for purposes of determining a retiring employee's pension allowance, the pay rate be limited to the amount listed on a pay schedule that meets certain requirements and be approved by the governing body in accordance with the requirements of applicable public meeting laws. Approval of this resolution will update the salary schedule to reflect the classification and compensation changes identified above.

FINANCIAL STATEMENT JM

The proposed reclassification of Deputy City Clerk to Assistant City Clerk and Management Assistant to Management Analyst would result in an estimated $12,430 initial annual cost increase with an eventual annual cost impact of $20,570. Funding for the FY 2019-20 cost impact will be included in the FY 2019-20 mid-year budget adjustments that will be brought forward to the City Council in the first quarter of 2020. The proposed retitle of Lead Maintenance Worker to Facilities Maintenance Supervisor would result in no fiscal impact.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION MDB

Adopt the attached Resolution approving the classification change, retitle, and amended Salary Schedule.

ATTACHMENTS (Listed Below)

Resolution
Attachment "A" Salary Schedule

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, APPROVING THREE CLASSIFICATION CHANGES AND AMENDING THE SALARY SCHEDULE

WHEREAS, the City has conducted a classification and compensation review of the Deputy City Clerk, Management Assistant and Lead Maintenance Worker positions and determined that the positions would be more appropriately classified as an Assistant City Clerk, Management Analyst and Facilities Maintenance Supervisor; and

WHEREAS, the change consists of upgrading one (1) Full Time Equivalent (FTE) Deputy City Clerk position to Assistant City Clerk; upgrading one (1) Full Time Equivalent (FTE) Management Assistant position to Management Analyst (retroactive to June 27, 2019) and retitling one Lead Maintenance Worker to Facilities Maintenance Supervisor; and

WHEREAS, the Hourly, General, and Management salary schedule has been updated to reflect the classification changes to Assistant City Clerk and Facilities Maintenance Supervisor; which is included as Exhibit "A"; and

WHEREAS, at the August 14, 2019 City Council meeting, Council adopted Resolution No. 079-2019 which provides for a 2.5% salary increase to the Mayor and City Council Member salaries effective August 22, 2019; and

WHEREAS, the Mayor and Council Members salary schedule has been updated to reflect a 2.5% increase for Mayor and City Council Members; which is included as Exhibit "A";

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Santee, California does hereby approve and adopt a classification change of one Deputy City Clerk position to Assistant City Clerk, a classification change of one Management Assistant position to Management Analyst (retroactive to June 27, 2019), the title change of one Lead Maintenance Worker to Facilities Maintenance Supervisor, the salary schedule for Hourly, General, and Management is hereby updated as provided in Exhibit "A" and the salary schedule for Mayor and City Council Members is hereby updated as provided in Exhibit "A".

PASSED, APPROVED AND ADOPTED by the City Council of the City of Santee, California, at a Regular meeting thereof held this 28th day of August 2019, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____

JOHN W. MINTO, MAYOR

ATTEST:

_____

ANNETTE ORTIZ, CITY CLERK, MBA, CMC

Attachment: Exhibit A –Salary Schedule

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E
Fire Captain / PM	Hourly	31.90	33.50	35.17	36.93	38.78
Base salary	Annual	92,894.43	97,540.19	102,416.90	107,536.99	112,914.47
Educational Incentive						
Fire Captain / PM	Hourly	32.38	34.00	35.70	37.48	39.36
31-45 units = 1.5% over base	Annual	94,287.65	99,003.31	103,953.25	109,150.20	114,608.22
Fire Captain / PM	Hourly	32.86	34.50	36.23	38.04	39.94
46 units and over = 3.0% over base	Annual	95,681.16	100,466.40	105,489.58	110,762.82	116,301.65
Fire Captain / PM	Hourly	33.34	35.00	36.75	38.59	40.52
A.A. Degree = 4.5% over base	Annual	97,074.68	101,929.22	107,025.59	112,376.03	117,995.37
Fire Captain / PM	Hourly	33.81	35.51	37.28	39.14	41.10
Bachelor Degree = 6% over base	Annual	98,467.89	103,392.30	108,561.94	113,989.25	119,689.42

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E
Fire Captain	Hourly	30.53	32.05	33.66	35.34	37.11
Base salary	Annual	88,894.06	93,339.59	98,006.32	102,906.13	108,051.44
Educational Incentive						
Fire Captain	Hourly	30.98	32.53	34.16	35.87	37.66
31-45 units = 1.5% over base	Annual	90,227.42	94,739.49	99,476.72	104,449.75	109,672.25
Fire Captain	Hourly	31.44	33.02	34.67	36.40	38.22
46 units and over = 3.0% over base	Annual	91,561.08	96,139.68	100,946.52	105,993.08	111,293.06
Fire Captain	Hourly	31.90	33.50	35.17	36.93	38.78
A.A. Degree = 4.5% over base	Annual	92,894.43	97,539.89	102,416.60	107,536.99	112,913.87
Fire Captain	Hourly	32.36	33.98	35.68	37.46	39.33
Bachelor Degree = 6% over base	Annual	94,227.79	98,939.80	103,886.99	109,080.34	114,534.66

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E
Fire Engineer/PM	Hourly	27.37	28.71	30.12	31.66	33.16
Base salary	Annual	79,690.57	83,601.62	87,707.48	92,181.95	96,548.02
Educational Incentive						
Fire Engineer / PM	Hourly	27.78	29.14	30.57	32.13	33.65
31-45 units = 1.5% over base	Annual	80,886.14	84,855.51	89,022.78	93,564.74	97,996.12
Fire Engineer / PM	Hourly	28.19	29.57	31.02	32.61	34.15
46 units and over = 3.0% over base	Annual	82,081.42	86,109.73	90,338.67	94,947.19	99,444.27
Fire Engineer / PM	Hourly	28.60	30.00	31.47	33.08	34.65
A.A. Degree = 4.5% over base	Annual	83,276.68	87,363.62	91,654.25	96,329.96	100,892.69
Fire Engineer / PM	Hourly	29.01	30.43	31.93	33.56	35.14
Bachelor Degree = 6% over base	Annual	84,472.25	88,617.83	92,969.83	97,712.75	102,340.84

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E
Fire Engineer	Hourly	26.06	27.34	28.68	30.14	31.57
Base salary	Annual	75,879.58	79,602.83	83,512.93	87,773.43	91,931.18
Educational Incentive						
Fire Engineer	Hourly	26.45	27.75	29.11	30.59	32.04
31-45 units = 1.5% over base	Annual	77,017.87	80,797.00	84,765.77	89,090.06	93,310.10
Fire Engineer	Hourly	26.84	28.16	29.54	31.05	32.52
46 units and over = 3.0% over base	Annual	78,156.14	81,990.90	86,018.30	90,406.70	94,689.36
Fire Engineer	Hourly	27.23	28.57	29.97	31.50	32.99
A.A. Degree = 4.5% over base	Annual	79,294.11	83,185.07	87,271.12	91,723.34	96,068.28
Fire Engineer	Hourly	27.62	28.98	30.40	31.95	33.46
Bachelor Degree = 6% over base	Annual	80,432.67	84,378.95	88,523.65	93,039.98	97,447.21

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E	F	G	H
Firefighter Paramedic	Hourly	23.45	24.42	25.42	26.46	28.03	29.16	30.34	31.57
Base salary	Annual	68,294.25	71,099.81	74,022.07	77,064.05	81,625.06	84,922.56	88,353.49	91,931.18

Educational Incentive (after completing 3 1/2 years of employment)	G	H
Firefighter Paramedic	30.80	32.04
31-45 units = 1.5% over base	89,678.63	93,310.10
Firefighter Paramedic	31.25	32.52
46 units and over = 3.0% over base	91,003.80	94,689.36
Firefighter Paramedic	31.71	32.99
A.A. Degree = 4.5% over base	92,329.55	96,068.28
Firefighter Paramedic	32.16	33.46
Bachelor Degree = 6% over base	93,654.70	97,447.21

CITY OF SANTEE
SANTEE FIREFIGHTERS' ASSOCIATION SALARY SCHEDULE
EFFECTIVE JUNE 27, 2019

Classification		A	B	C	D	E	F	G	H
Firefighter	Hourly	19.90	20.89	21.85	23.04	24.19	25.40	26.67	28.00
Base salary	Annual	57,948.29	60,844.41	63,616.87	67,081.82	70,436.17	73,958.28	77,655.37	81,539.05

Educational Incentive (after completing 3 1/2 years of employment)	G	H
Firefighter	27.07	28.42
31-45 units = 1.5% over base	78,820.37	82,762.10
Firefighter	27.47	28.84
46 units and over = 3.0% over base	79,985.10	83,985.15
Firefighter	27.87	29.26
A.A. Degree = 4.5% over base	81,150.09	85,208.51
Firefighter	28.27	29.68
Bachelor Degree = 6% over base	82,314.80	86,431.25

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
29	Account Clerk	Hourly	21.85	22.94	24.09	25.29	26.56
		Annual	45,442.89	47,715.09	50,100.91	52,606.16	55,236.26
35	Administrative Secretary	Hourly	25.34	26.60	27.93	29.33	30.80
		Annual	52,700.04	55,334.98	58,101.78	61,007.15	64,057.41
	Assistant City Clerk	Hourly		30.46	to	43.52	
		Annual		63,358.04	to	90,511.49	
	Assistant to the City Manager	Hourly		58.30	to	78.70	
		Annual		121,262.50	to	163,704.55	
50	Assistant Engineer	Hourly	36.69	38.53	40.46	42.48	44.60
		Annual	76,325.30	80,141.79	84,149.08	88,356.25	92,774.27
58	Associate Civil Engineer / Associate Traffic Engineer	Hourly	44.71	46.94	49.29	51.76	54.34
		Annual	92,994.84	97,644.99	102,527.52	107,653.74	113,036.66
49	Associate Planner	Hourly	35.80	37.59	39.47	41.44	43.52
		Annual	74,463.85	78,187.07	82,096.51	86,201.61	90,511.49
	City Clerk	Hourly		44.61	to	62.46	
		Annual		92,783.04	to	129,919.13	
	City Manager (Single Rate)	Hourly		108.30	to	108.30	
		Annual		225,265.12	to	225,265.12	
26	Code Compliance Assistant	Hourly	20.29	21.30	22.37	23.49	24.66
		Annual	42,198.18	44,308.17	46,523.55	48,849.83	51,292.17
44	Code Compliance Officer	Hourly	31.64	33.22	34.89	36.63	38.46
		Annual	65,815.27	69,105.84	72,561.40	76,189.21	79,998.70

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
46	Confidential Accountant	Hourly	33.24	34.91	36.65	38.48	40.41
		Annual	69,147.17	72,604.53	76,234.78	80,046.39	84,048.82
46	Confidential Payroll Specialist	Hourly	33.24	34.91	36.65	38.48	40.41
		Annual	69,147.17	72,604.53	76,234.78	80,046.39	84,048.82
46	Confidential Secretary	Hourly	33.24	34.91	36.65	38.48	40.41
	to City Manager/Council	Annual	69,147.17	72,604.53	76,234.78	80,046.39	84,048.82
	Crossing Guards ^	Hourly			13.50		
	(Single Rate)						
	Deputy Fire Chief	Hourly		58.69	to	79.11	
		Annual		122,071.67	to	164,555.25	
35	Development Services Technician	Hourly	25.34	26.60	27.93	29.33	30.80
		Annual	52,700.04	55,334.98	58,101.78	61,007.15	64,057.41
	Director of	Hourly		63.89	to	85.18	
	Community Services	Annual		132,881.30	to	177,182.14	
	Director of	Hourly		63.21	to	85.22	
	Development Services	Annual		131,482.50	to	177,256.00	
	Director of Finance /	Hourly		66.79	to	89.86	
	City Treasurer	Annual		138,917.78	to	186,915.89	
	Director of Fire & Life Safety	Hourly		70.20	to	91.63	
	(Fire Chief)	Annual		146,011.77	to	190,587.80	

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
	Director of Human Resources	Hourly		62.37	to	84.20	
		Annual		129,737.50	to	175,145.83	
	Economic Development Manager	Hourly		39.28	to	53.03	
		Annual		81,699.13	to	110,294.55	
44	Engineering Inspector	Hourly	31.64	33.22	34.89	36.63	38.46
		Annual	65,815.27	69,105.84	72,561.40	76,189.21	79,998.70
39	Equipment Mechanic	Hourly	27.97	29.37	30.83	32.38	33.99
		Annual	58,171.07	61,079.75	64,133.67	67,340.41	70,707.24
35	Equipment Operator	Hourly	25.34	26.60	27.93	29.33	30.80
		Annual	52,700.04	55,334.98	58,101.78	61,007.15	64,057.41
38	Facilities Maintenance Supervisor	Hourly	27.28	28.65	30.08	31.59	33.16
		Annual	56,752.27	59,589.87	62,569.33	65,698.00	68,982.81
25	Facilities Maintenance Technician	Hourly	19.79	20.78	21.82	22.91	24.06
		Annual	41,168.87	43,227.19	45,388.81	47,657.99	50,040.77
	Finance Manager	Hourly		49.31	to	66.57	
		Annual		102,573.44	to	138,474.22	
	Fire Battalion Chief (2920 hours)	Hourly		37.40	to	50.70	
		Annual		109,205.00	to	148,043.07	

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
	Fire Division Chief	Hourly		55.12	to	74.40	
		Annual		114,642.19	to	154,746.23	
	Fire Marshal	Hourly		49.31	to	66.57	
		Annual		102,573.44	to	138,474.22	
	Graduate Intern ^	Hourly		12.00	to	17.60	
38	Human Resources Technician	Hourly	27.28	28.65	30.08	31.59	33.16
		Annual	56,752.27	59,589.87	62,569.33	65,698.00	68,982.81
53	Information Technology Analyst	Hourly	39.52	41.49	43.57	45.75	48.03
		Annual	82,194.04	86,303.70	90,619.34	95,150.08	99,907.76
	Information Technology Manager	Hourly		44.83	to	60.52	
		Annual		93,248.58	to	125,885.73	
	IT Systems Technician^	Hourly		27.76	to	33.74	
29	Landscape and Irrigation Maintenance Worker	Hourly	21.85	22.94	24.09	25.29	26.56
		Annual	45,442.89	47,715.09	50,100.91	52,606.16	55,236.26
48	Lead Equipment Mechanic	Hourly	34.93	36.67	38.51	40.43	42.45
		Annual	72,647.68	76,280.05	80,093.80	84,098.63	88,303.69

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
29	Maintenance Worker	Hourly	21.85	22.94	24.09	25.29	26.56
		Annual	45,442.89	47,715.09	50,100.91	52,606.16	55,236.26
46	Management Analyst	Hourly	33.24	34.91	36.65	38.48	40.41
		Annual	69,147.17	72,604.53	76,234.78	80,046.39	84,048.82
	Office Assistant ^	Hourly		12.00	to	16.76	
48	Parks & Landscape	Hourly	34.93	36.67	38.51	40.43	42.45
	Supervisor	Annual	72,647.68	76,280.05	80,093.80	84,098.63	88,303.69
	Principal Civil Engineer	Hourly		55.41	to	75.05	
		Annual		115,249.59	to	156,097.53	
	Principal Planner	Hourly		43.91	to	59.28	
		Annual		91,332.29	to	123,300.53	
	Principal Traffic Engineer	Hourly		55.41	to	75.05	
		Annual		115,249.59	to	156,097.53	
38	Procurement Specialist	Hourly	27.28	28.65	30.08	31.59	33.16
		Annual	56,752.27	59,589.87	62,569.33	65,698.00	68,982.81
	Public Services Manager	Hourly		42.64	to	57.57	
		Annual		88,686.98	to	119,755.47	

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
43	Public Works Supervisor	Hourly	30.87	32.41	34.03	35.74	37.52
		Annual	64,209.93	67,420.31	70,791.40	74,331.10	78,047.32
	Recreation Aide ^	Hourly		12.00	to	14.59	
28	Recreation Coordinator	Hourly	21.31	22.38	23.50	24.67	25.91
		Annual	44,334.58	46,551.49	48,878.99	51,322.87	53,889.15
	Recreation Leader ^	Hourly		13.00	to	16.00	
	Recreation Services Manager	Hourly		42.64	to	57.57	
		Annual		88,686.98	to	119,755.47	
	Recreation Supervisor	Hourly		30.46	to	43.52	
		Annual		63,358.04	to	90,511.49	
23	Secretary	Hourly	18.84	19.78	20.77	21.81	22.90
		Annual	39,184.99	41,144.27	43,201.37	45,361.48	47,629.73
36	Senior Account Clerk	Hourly	25.97	27.27	28.63	30.06	31.57
		Annual	54,017.65	56,718.55	59,554.62	62,532.29	65,659.12
	Senior Civil Engineer /	Hourly		48.57	to	66.05	
	Senior Traffic Engineer	Annual		101,025.73	to	137,375.55	
	Senior Human Resources Analyst	Hourly		40.24	to	54.32	
		Annual		83,691.79	to	112,984.66	
	Senior Management Analyst	Hourly		38.32	to	51.73	
		Annual		79,706.48	to	107,604.43	

CITY OF SANTEE
HOURLY, GENERAL AND MANAGEMENT SALARY SCHEDULE
EFFECTIVE AUGUST 28, 2019

Range	Classification		A	B	C	D	E
	Senior Planner	Hourly		38.18	to	51.55	
		Annual		79,418.79	to	107,217.99	
	Special Events Supervisor	Hourly		30.46	to	43.52	
		Annual		63,358.04	to	90,511.49	
	Storm Water Program Assistant^	Hourly		27.76	to	33.74	
50	Storm Water Program Manager	Hourly	36.69	38.53	40.46	42.48	44.60
		Annual	76,325.30	80,141.79	84,149.08	88,356.25	92,774.27
	Student Intern ^	Hourly		12.00	to	16.00	
	Technical Professional Expert ^	Hourly		50.00	to	160.00	

^Part-time, temporary status

CITY OF SANTEE
MAYOR AND CITY COUNCIL MEMBERS SALARY SCHEDULE
EFFECTIVE AUGUST 22, 2019

Range	Classification		
	City Council Member	Monthly	1,728.40
		Annual	20,740.80
	Mayor	Monthly	2,912.89
		Annual	34,954.68

City of Santee
COUNCIL AGENDA STATEMENT

Item 10

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE **PUBLIC HEARING TO CONSIDER CERTIFICATION OF A PROGRAM ENVIRONMENTAL IMPACT REPORT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; ADOPTION OF CEQA FINDINGS OF FACT, AND A MITIGATION MONITORING AND REPORTING PROGRAM; AND ADOPTION OF THE SUSTAINABLE SANTEE PLAN (CLIMATE ACTION PLAN). APPLICANT: CITY OF SANTEE.**

DIRECTOR/DEPARTMENT Melanie Kush, Development Services

SUMMARY The proposed Sustainable Santee Plan: The City's Roadmap to Greenhouse Gas Reductions (Climate Action Plan, "Sustainable Santee Plan, or "SSP") is the City of Santee's plan for reducing greenhouse gas ("GHG") emissions to conform to State GHG emission reduction targets. The plan is designed to be "CEQA Qualified" meaning that future development projects could tier off the plan's Programmatic Environmental Impact Report ("PEIR") when conducting project level GHG analysis.

Using a 2005 baseline GHG inventory of 339,972 $MTCO_2e$ (or metric tons of carbon-dioxide equivalent), the Sustainable Santee Plan establishes goals, measures, and actions designed to reduce GHG emissions to 173,386 $MTCO_2e$ by the year 2035. These emissions are known as "mass emission" targets. In 2017, the State established a per capita GHG target known as an "efficiency target." The Sustainable Santee Plan is designed to meet both targets.

The proposed GHG emission reduction measures include *evaluating* the use of Community Choice Aggregation ("CCA"). The SSP would also include steps to improve bicycle transit, increase the planting of trees, and require new energy and water efficiency measures. With these measures, the City would be able to meet the State targets for GHG reductions in 2020, 2030, and 2035. The SSP would also take into account development applications in the processing pipeline to capture as closely as feasible the GHG emissions likely to occur within the horizon year of the plan.

ENVIRONMENTAL REVIEW Pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines, a Final Program Environmental Impact Report ("PEIR") (State Clearinghouse No. 2017081030) has been prepared. The Draft PEIR was made available for a 45-day public review and comment period commencing on March 15, 2019 and ending on April 29, 2019. The Final Program EIR consists of revisions to the Draft EIR, responses to comments received on the Draft PEIR, and a Mitigation Monitoring and Reporting Program.

FINANCIAL STATEMENT The City engaged two consultants (Atkins & LSA) for a total cost of $255,916.60. Of this $142,064.10 was paid from the General Fund with the remainder being funded by HomeFed and a grant from San Diego Gas & Electric (SDG&E). The cost of City implementation requirements has not been determined.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION

1. Open and close the Public Hearing; and
2. Adopt the Resolution certifying the Final Program Environmental Impact Report (Sch. No. 2017081030); adopting the CEQA Findings of Fact for the Sustainable Santee Plan; adopting a Mitigation Monitoring and Reporting Program; and adopting the Sustainable Santee Plan (Climate Action Plan); and
3. Authorize staff to file a Notice of Determination in accordance with CEQA.

ATTACHMENTS Staff Report Community GHG Reduction Strategies (Appendix A) City Implementation Requirements (Appendix B) Resolution Sustainable Santee Plan Final Program EIR

STAFF REPORT

PUBLIC HEARING TO CONSIDER CERTIFICATION OF A PROGRAM ENVIRONMENTAL IMPACT REPORT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; ADOPTION OF CEQA FINDINGS OF FACT, AND A MITIGATION MONITORING AND REPORTING PROGRAM; AND ADOPTION OF THE SUSTAINABLE SANTEE PLAN (CLIMATE ACTION PLAN)
APPLICANT: CITY OF SANTEE

CITY COUNCIL MEETING
AUGUST 28, 2019

This item is a public hearing for the Sustainable Santee Plan: The City's Roadmap to Greenhouse Gas Reduction ("Sustainable Santee Plan", "Plan", "CAP" or "SSP"). A Notice of the Public Hearing was published in the East County Californian on August 15, 2019. The Draft Program Environmental Impact Report (Draft PEIR) was prepared and circulated for a 45-day public and agency review period from March 15, 2019 to April 29, 2019.

A. PUBLIC PROCESS AND OUTREACH

The City of Santee, City Council has conducted a total of seven (7) workshops associated with the Sustainable Santee Plan which were held at regularly scheduled Council Meetings. Workshops on the Sustainable Santee Plan were held on October 14, 2015, April 11, 2018 and September 26, 2018. In addition, workshops and discussions on Community Choice Aggregation ("CCA"), also known as Community Choice Energy ("CCE"), were held on September 6, 2017, January 9, 2019, January 23, 2019, and July 24, 2019. In addition to the workshops, a public Scoping Meeting was held in accordance with CEQA on August 31, 2017. During these public meetings staff explained greenhouse gas ("GHG") and impacts on climate change. Also discussed were California's regulatory framework and GHG emission reduction targets. Since these topics have been discussed in the preparatory meetings, they are not included in this report.

B. PUBLIC INPUT ON THE SUSTAINABLE SANTEE PLAN

During the course of plan development, staff met with individuals and interested groups. This process solicited input that has improved the SSP. Below are five major comments that were evaluated but ultimately not included in the SSP based on the following reasons.

1. Carbon Neutrality and Executive Order B-55-18

In October 2018, Executive Order B-55-18 established a statewide goal to reach carbon neutrality as soon as possible and no later than 2045, and achieve and maintain net negative emissions thereafter. This goal was in addition to the existing statewide targets for GHG emission reductions. This Executive Order also charged the California Air Resources Board ("CARB") with developing a framework for implementation and accounting. CARB was also tasked with

working with other state agencies to ensure future Scoping Plans identify and recommend measures to achieve the carbon neutrality goal. The task has yet to be completed by CARB. Without this groundwork, it would be impossible to develop local measures to achieve this goal. The SSP provides a good start towards this carbon neutrality goal. The SSP commits the City to amend the SSP within two years of CARB final rule making on the carbon neutrality issue.

2. Horizon Year

The SSP currently has a horizon year of 2035 which is consistent with other CAPs within the region. Some commenters wanted the horizon year extended to the year 2045 in order to coincide with EO B-55-18 carbon neutrality goal. There is no requirement or precedent to do this. When other Executive Orders were issued, agencies awaited published guidance from CARB before developing plans. The SSP commits to updates every 3 to 5 years. During the update process, the horizon year may be extended to maintain currency.

3. Land Use Projections to 2035

The Sustainable Santee Plan incorporates probable future projects to provide reasonably anticipated growth. Growth projections and associated GHG emissions were calculated, using standard protocols from SANDAG, out to the year 2035. As part of this growth projection, the City assumed the build out of the General Plan by 2035 plus an additional 2,000 dwelling units. The additional units were added to accommodate the dwelling units proposed with submitted General Plan Amendments. The City currently has the following applications for developments requiring changes in the General Plan:

Common Name	Case File	Additional Dwelling Units
Fanita Ranch	TM2017-3	1,554 (with school option) 1,613 (without school option)
Parkside	TM2017-4	125
Lantern Crest-Ridge II	P2017-1	46
Total:**		**1,725 (with Fanita school) or 1,784 (with no school)**

** Subsequent to the draft EIR, an application was received to redevelop the Carlton Hills Golf Course site with 373 dwelling units.

The Sustainable Santee Plan has a horizon year of 2035. To be relevant, a plan must include any reasonably anticipated changes in land use patterns. During the Sustainable Santee Plan's lifetime, the General Plan will likely be updated at least twice with the next two Housing Element updates (2021 and 2029). It is unclear how much housing capacity will be required in the future. By adding the additional 2,000 dwelling units in the SSP, more aggressive reduction strategies are applied that may not be needed if the anticipated projects are not approved.

In that event, the more aggressive reduction strategies will place the City on an accelerated GHG emission reduction path.

4. Carbon Sequestration

Several comments were received about the preservation of undeveloped land as a way to sequester carbon dioxide already in the atmosphere. Sequestration does not reduce man-made GHG gas emissions, but merely absorbs such gases that already exist. Fanita Ranch was mentioned as an example of such a preserve area. For any site to be used as a sequestration site, the property owner would have to forfeit any development potential on the site in perpetuity. There is uncertainty as to which parcels would forfeit development potential. Therefore, the SSP already included a supporting measure (Measure 6.3) to encourage practices that enhance sequestration and to develop plans, such as the Multiple Species Conservation Plan to conserve lands, water, and other ecosystems.

5. Employee Parking

There was a suggestion that the City charge a parking permit fee for employees and that a cash bonus be provided if no permit is purchased, or a significantly reduced permit fee for those employees who use electric vehicles. Such parking strategies work best where parking demand is high and supply is low. Such conditions do not exist at either City Hall or at the Public Services Operations Center. At either location, employees could park on the street and then collect the financial incentive. Measure M-4.2 of the Sustainable Santee Plan requires the City to develop non-monetized incentives, such as preferred parking spaces for employee parking of electric/hybrid vehicles. These incentives would be brought forward for Council consideration after adoption of the SSP.

C. REGIONAL CLIMATE ACTION PLANS

In the San Diego region, adoption of a climate action plan has become increasingly common. As shown in Table 1 below only 4 of the 19 local jurisdictions lack a Climate Action Plan ("CAP"). The Sustainable Santee Plan is proposed to be the City of Santee's CAP.

Table 1 – Climate Action Plans in the San Diego Region (August 2019)

Agency	Status of Climate Action Plan
County of San Diego	Adopted 2018 *(CEQA Challenge)*
Carlsbad	Adopted September 2015
Chula Vista	Adopted September 2017
Coronado	Will begin with a public workshop 9/4/2019
Del Mar	Adopted June 2016
El Cajon	Adopted July 2019 *(CEQA Challenge)*
Encinitas	Adopted January 2018
Escondido	Adopted 2013. Update in progress

Imperial Beach	Adopted July 2019
La Mesa	Adopted March 2018
Lemon Grove	In progress
National City	Adopted May 2011
Oceanside	Adopted 2019
Poway	
San Diego (City of)	Adopted December 2015
San Marcos	Adopted September 2013
Santee	In Progress
Solana Beach	Adopted June 2017
Vista	Adopted 2013. New update will be CEQA Qualified Plan

D. CEQA COMPREHENSIVE GHG ANALYSIS

In 2010, the CEQA Guidelines were updated with a provision that allows lead agencies, such as City of Santee, to create a GHG reduction plan that would allow for tiering and streamlining of CEQA analysis for future development projects (Section 15183.5).

A plan to reduce greenhouse gas emissions may be used in a cumulative impact analysis of GHG. The City may determine a project's incremental contribution to a cumulative effect is not cumulatively considerable if the project complies with a previously adopted plan or mitigation program. To qualify, a plan must meet the requirements specified in the CEQA Guidelines, including approval in a public process. **The Sustainable Santee Plan is designed to be a CEQA compliant plan from which subsequent development projects may tier their GHG analysis.**

E. SUSTAINABLE SANTEE PLAN

The Sustainable Santee Plan is the City's plan for reducing GHG emissions and which has four primary purposes or goals: 1) present the City's plan for achieving sustainability by utilizing resources efficiently, reducing greenhouse gas emissions, and preparing for potential climate-related impacts; 2) identify how the City will effectively implement this Sustainable Santee Plan by obtaining funding for program implementation and tracking and monitoring the progress of Plan implementation over time; 3) allow streamlined CEQA compliance for new development by preparing an Environmental Impact Report for the Plan and developing screening tools that provide clear guidance to developers and other project proponents; and 4) maintain economic competitiveness within the region.

The Sustainable Santee Plan consists of five major sections, described below:

1. Inventories and Projections

The first step in developing any climate action plan is to inventory existing GHG emissions. A community-wide GHG inventory contains the following sectors:

On-road Transportation Solid Waste

Residential Energy
Commercial Energy
Water
Wastewater
Off-Road Sources

The City conducted community-wide GHG inventories in 2005, 2008, 2012, and 2013. Note that most climate action plans identify separately those GHG emissions over which the City has direct control, such as building energy usage, street lighting, and employee commute mode. Santee has continued this practice. GHG emissions directly controlled by the City are classified as *Municipal Emissions* and are a subset of *Community-wide Emissions.* Municipal emissions comprise approximately 1% of the community-wide emissions.

The 2005 inventory represent the baseline from which reductions are taken to meet state goals which require reductions of GHG levels from the 1990 levels. As there was little GHG data published in 1990, surrogate years are used to serve as the baseline. When the City started this project, CARB guidance was to choose a baseline year between 2005 and 2008.

Table 2 below depicts the GHG inventory in 2005.

TABLE 2 **Communitywide GHG Emissions by Sector for 2005**

Sector	2005 (MT CO_2e)
On-Road Transportation	181,812
Residential Energy	63,544
Commercial Energy	37,697
Solid Waste	16,376
Water	11,354
Off-Road Sources	28,230
Wastewater	959
Total	**339,972**

2. Target Setting

In target setting, State GHG reduction targets are applied to the GHG emissions of the baseline year (2005). The GHG emission level that the City of Santee is expected to achieve in the years 2020, 2030, and 2035 are summarized in Table 2 below:

TABLE 2 Mass GHG Reduction Targets for Community Emissions

	Community Target
2020 Target	15% below 2005 levels
2020 Emissions Goal (MT CO_2e)	**288,976**

2030 Target	40% below 2005 levels
2030 Emissions Goal (MT CO_2e)	**203,983**
2035 Target	49% below 2005 levels
2035 Emissions Goal (MT CO_2e)	**173,386**
Notes and Acronyms: MT CO_2e = Metric tons of carbon dioxide equivalent	

3. Reduction Measures

City staff along with the consultant, interested groups, and the public then developed reduction measures designed to achieve the GHG emissions levels described above. The Sustainable Santee Plan includes 10 Measures designed to reduce GHG community emissions and that along with Federal and State measures are designed to achieve State GHG reduction targets. These measures include a mixture of action items and supporting actions. Supporting actions such as education and outreach provide support to other actions but do not have any associated GHG emission reductions. Other actions describe specific requirements and are assigned GHG reduction values. A table of the reduction measures is attached as Appendix A of this report. The table includes the GHG reduction values for each measure for the years 2020, 2030, and 2035.

The 2017 CARB Scoping plan, added a new metric to be calculated. This metric is the GHG per service population, or the *Efficiency Target*. The Sustainable Santee Plan is committed to achieving GHG emission reduction targets for both *Community (Mass) Emissions* and Efficiency Targets.

The GHG reduction measures in the Sustainable Santee Plan will allow the City to meet the *Efficiency Targets* in 2020, 2030, and 2035. With the reduction measures, the City will meet *Community (Mass) Emissions* targets in 2020 and 2030. Additional reductions from employing a Community Choice Aggregation (CCA) system will be needed to achieve the *Community (Mass) Emissions* target in 2035.

4. Adaptation Measures

The City recognizes that planning sustainably is more than reducing GHG emissions; it also requires being prepared for changes that would impact the community's quality of life, use of resources, and economy. Preparedness, or adaptation, efforts seek to reduce vulnerability and increase the local capacity to adapt to changes. Therefore, the SSP summarizes changes in average and extreme weather that may occur in the next several decades and identifies actions to build resilience and adapt to those changes. Some adaptation measures include:

- Create cooling centers at public spaces, such as libraries, for populations without air conditioning.

- Prioritize and plan for infrastructure improvements that increase fire safety and reduce energy, especially in vulnerable neighborhoods.

5. SSP Implementation

The Sustainable Santee Plan will be implemented through enactment of the various measures and actions listed in the plan. Tracking the completion of the measures and actions will be reported to the City Council annually. In addition, the Sustainable Santee Plan commits the City to updating the GHG inventory every 3 to 5 years. With the updated emissions data, the Sustainable Santee Plan will be updated with new or revised measures to ensure the City of Santee remains on track toward achieving GHG reduction targets.

Many climate actions plans are criticized for lack of enforceable reduction measures. The Sustainable Santee Plan contains quantifiable reduction measures that require action within a specified time frame. Appendix B of this report contains a list of 18 specific measures that must be done within a specific time frame. This demonstrates that there is a mechanism to ensure that progress is made in reducing GHG emissions in the City of Santee.

F. ENVIRONMENTAL REVIEW

The City has prepared a programmatic level of review for the SSP. A program EIR can allow the Lead Agency to consider broad policy alternatives and program-wide mitigation measures at an early time when the agency has greater flexibility to deal with problems or cumulative impacts. Subsequent activities within the program must be examined in light of the program EIR to determine whether an additional environmental document must be prepared.

The PEIR for the SSP provides an assessment of the potential environmental impacts associated with the adoption and implementation of the SSP. The Initial Study prepared for the Project identified potentially significant impacts in the following areas, therefore these areas were carried forward to the PEIR for analysis: Aesthetics, Air Quality, Biological Resources, Global Climate Change and Greenhouse Gas Emissions, Hazards and Hazardous Materials, Land Use and Planning, and Wildfire. The Initial Study determined that all other resource impact areas would not experience potentially significant impacts, and therefore these areas were not analyzed further in the PEIR. Each of the resource area analyses in the PEIR are described below:

Aesthetics:

The PEIR evaluated the impacts of the project on aesthetics and determined that the SSP could result in a significant impact by introducing new sources of glare through the construction of new energy-generating facilities that could result in new sources of glare. Accordingly, Mitigation Measure **MM 4-1.1** was incorporated to require new energy-generating structures to employ non-reflective material where feasible and to require City review of placement and

shielding of such structures to minimize such new sources of glare. With incorporation of MM 4-1.1, impacts to aesthetics are reduced to a less than significant level.

Air Quality:
The PEIR evaluated the impacts of the SSP on air quality and determined that all potential impacts to air quality would be less than significant.

Biological Resources:
The PEIR evaluated the impacts of the SSP on biological resources and determined that all potential impacts to biological resources would be less than significant.

Global Climate Change and GHG Emissions:
The PEIR evaluated the impacts of the SSP on global climate change / GHG emissions and determined that the Project would not result in significant adverse impacts on climate change / GHG emissions.

Hazards and Hazardous Materials:
The PEIR evaluated the impacts of the project on hazards and hazardous materials emissions and determined that Project-related construction of energy-generating facilities such as solar panels in the vicinity of Gillespie Field and Marine Corps Air Station Miramar, could result in a potentially significant impact relating to safety hazards. Specifically, the PEIR determined there was a potential aviation safety hazard from glare and increases in building height that could result from the energy-generating rooftop structures such as solar panels and photovoltaic arrays. However, the local Airport Land Use Compatibility Plans ("ALUCPs") include review procedures and restrictions for projects located within Airport Influence Areas. If any project under the Sustainable Santee Plan is determined to present a safety hazard from increased glare or height, appropriate mitigation measures would be required on a project level to reduce or avoid the safety hazard to the satisfaction of the San Diego County Regional Airport Authority. Further, Mitigation Measure MM 4.1-1, requiring that energy-generating structures utilize non-reflective materials to the maximum extent possible and requires that the City consider shielding and placement of such facilities as part of design review, will further reduce the potential for impacts.

In addition, the PEIR determined that the Project could result in a potentially significant impact associated with wildland fires. However, Mitigation Measure MM 4.5-1 has been identified, requiring the City to update its Safety Element within two years of adoption of the SSP, with policies implementing the climate change strategies of Chapter 4 of the SSP. With incorporation of this mitigation measure, the PEIR determined that impacts would be less than significant.

Land Use and Planning:
The PEIR determined that any future development projects that would implement Sustainable Santee Plan measures and actions would be subject to all applicable

City regulations and requirements, including the General Plan and Specific Plans, as well as HCPs and ALUCPs. Therefore, implementation of the Sustainable Santee Plan would not result in any conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project. Impacts would be less than significant.

Wildfire:

The impact of the Project on wildfire was evaluated in the PEIR as having a less than significant impact.

CEQA Summary

All potentially significant impacts of the SSP would be mitigated to less than significant levels with mitigation and a Mitigation and a Mitigation Monitoring and Reporting Program ("MMRP") has been developed and is recommended for adoption.

The PEIR evaluated two alternatives to the proposed SSP: a No Project Alternative, in which the City would continue to operate with no climate action, and an Accelerated Reduction Program Alternative, which would plan to achieve the State's 2050 goals by the year 2030. However, staff recommends that the City Council adopt the Sustainable Santee Plan as proposed, because it meets all project objectives, does not have the potential to result in additional aesthetics impacts, and because it is feasible. The "No Project Alternative" does not meet any of the project requirements, while the "Accelerated Reduction Program Alternative" meets only two of the project objectives and is infeasible.

G. STAFF RECOMMENDATION

Approve the Sustainable Santee Plan as the City's Climate Action Plan by taking the following actions:

- Open and close the Public Hearing; and
- Adopt the Resolution certifying the Final Program Environmental Impact Report (Sch. No. 2017081030); adopting the CEQA Findings of Fact for the Sustainable Santee Plan; adopting a Mitigation Monitoring and Reporting Program; and adopting the Sustainable Santee Plan (Climate Action Plan); and
- Authorize staff to file a Notice of Determination in accordance with CEQA.

Appendix A

Community GHG Emission Reduction Strategies

Community GHG Reduction Strategies and Emission Reductions			
Goals and Measures	**2020 Emission Reductions ($MT CO_2e$)**	**2030 Emission Reductions ($MT CO_2e$)**	**2035 Emission Reductions ($MT CO_2e$)**
Goal 1: Increase Energy Efficiency in Existing Residential Units			
1.1: Energy Efficiency Education and Best Practices	Supporting Measure		
1.2: Increase Community Participation in Existing Energy Efficiency Opportunities	45	45	45
1.3: Home Energy Evaluations	Supporting Measure		
1.4: Residential Home Energy Renovations	7,811	7,811	7,811
Goal 2: Increase Energy Efficiency in New Residential Units			
2.1: Energy Efficient Homes	5,102	13,534	17,750
Goal 3: Increase Energy Efficiency in Existing Commercial Units			
3.1: Energy Efficiency Training, Education, and Recognition in the Commercial Sector	Supporting Measure		
3.2: Increase Business Participation in Existing Energy Efficiency Programs	660	660	660
3.3: Non-Residential Energy Audits	Supporting Measure		
3.4: Non-Residential Retrofits	8,010	8,010	8,010
Goal 4: Increase Energy Efficiency in New Commercial Units			
4.1: Energy Efficient Businesses	1,442	8,705	12,337
Goal 5: Increase Energy Efficiency through Water Efficiency			
5.1: Water Efficiency through Enhanced Implementation of SB X7-7	1,279	1,366	1,409
5.2: Exceed Water Efficiency Standards	22	24	25
Goal 6: Decrease Energy Demand through Reducing Urban Heat Island Effect			
6.1: Tree Planting for Shading and Energy Efficiency	330	352	363
6.2: Light-reflecting Surfaces for Energy Efficiency	4	4	4
6.3: Carbon Sequestration through Preservation of Natural Lands	Supporting Measure		
Goal 7: Decrease Greenhouse Gas Emissions through Reducing Vehicle Miles Traveled			
7.1: Non-Motorized Transportation Options	438	395	373
7.2: Implement Bicycle Master Plan to Expand Bike Routes around the City	14,788	13,329	12,600
7.3: Ride Sharing Programs within Businesses	19,761	17,812	16,838
7.4: Electrify the Fleet	3,341	21,723	47,414
7.5: Complete Streets and Safe Routes to Schools Programs	5,477	4,937	4,667
7.6: Reduce Vehicle Trips To/From School	16,431	14,811	14,000
Goal 8: Decrease Greenhouse Gas Emissions through Reducing Solid Waste Generation			
8.1: Reduce Waste to Landfills	7,233	8,974	8,238
Goal 9: Decrease Greenhouse Gas Emissions through Increasing Clean Energy Use			
9.1: Clean Energy	Supporting Measure		
9.2: Community Choice Aggregation Program[1]	38,701	46,322	50,132
Goal 10: Decrease GHG Emissions from New Development through Performance Standards			
10.1: Screening Tables	393	1,003	1,308
Total Community Measures			
Total of All Measures Excluding CCA	92,569	133,135	155,605
Total of All Measures Including CCA	131,270	179,456	203,549

Appendix B

City Implementation Requirements

	Timeline	Action Item	Reference
1	In progress	Present to City Council for consideration a Community Choice Aggregation program that aims to provide 100 percent renewable energy by 2035.	Page 65 Measure 9.2
2	Within 6 months of SSP adoption	Staff will develop a Sustainable Santee Plan consistency check list within six months of adoption to coincide with the Screening Tables to ensure new development is consistent with this plan.	Page 103
3	Within 6 months of SSP adoption	Hire new staff to track GHG reduction measures and complete assignments of the SSP	Page 6
		Within one (1) years of SSP adoption	
4	Within one (1) year of SSP adoption	Propose a change to landscaping ordinance to require more trees on site during project review and plan check.	Page 48 Measure 6.1
5	Within one (1) year of SSP adoption	Update the City's official street tree list to include more water-efficient varieties	Page 45 Measure 5.1
6	Within one (1) year of SSP adoption	Provide an update to the Zoning Ordinance to add clarity on desired recreational amenities in multifamily complexes to replace the previously desired pool and water features.	Page 45 Measure 5.1
7	Within one (1) year of SSP adoption	Within one year of plan adoption, create an energy award program for net-zero energy homes.	Page 36 Measure 2.1
8	Within one (1) year of SSP adoption	Staff will present for City Council consideration a resolution committing to the phased replacement of all non-emergency, non-construction, and non-all-terrain vehicles with electric vehicles.	Page 77 Measure M-4.3
		Within two (2) years of SSP adoption	
9	Within two (2) years of SSP adoption	Present to the City Council an ordinance that exceeds Title 24.	Page 44 Measure 4.1
10	Within two (2) years of SSP adoption	Develop an Urban Forest Management Plan.	Page 45 Measure 5.1
11	Within two (2) years of SSP adoption	The City will develop and implement a plan for the placement of EV charging stations on City property.	Page 78
12	Within two (2) years of SSP adoption	Staff will present an ordinance for City Council consideration that contains specific measures to reduce, reuse, and recycle solid material to achieve a 90% diversion of commercial waste by 2035.	Page 62 Measure 8.1
13	Within two (2) years of SSP adoption	The City shall implement the complete streets program of the Mobility Element Objective 1.0, by adopting the Active Santee Plan.	Page 59 Measure 7.5
14	Within two (2) years of SSP adoption	City staff will present an ordinance for City Council consideration that would require the installation of EV charging stations in new commercial, industrial and residential development.	Page 58 Measure 7.4
		Within three (3) years of SSP adoption	
15	Within three (3) years of SSP adoption	Staff to provide for City Council consideration a plan to waive or reduce permit fees for zero energy businesses.	Page 44 Measure 4.1
		Others	
16	Annual	Staff to provide annual update on SSP implementation progress.	Page 102
17	Every 3 -5 years	Update the GHG Inventory	Page 102
18	Within two years of final CARB rulemaking regarding carbon neutrality	Staff will bring for City Council consideration an Amendment to the Sustainable Santee Plan that includes revised Measures and actions designed to achieve this goal, including but not limited to further incentives for electrification of existing buildings within Santee through San Diego Gas & Electric and/or any CCA program that the City joins.	Page 104

SSP – Sustainable Santee Plan

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF SANTEE ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; CERTIFYING THE PROGRAM ENVIRONMENTAL IMPACT REPORT (SCH # 2017081030); ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM, AND ADOPTING THE SUSTAINABLE SANTEE PLAN

WHEREAS, greenhouse gas ("GHG") emissions constitute an environmental impact that must be evaluated under the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) ("CEQA"); and

WHEREAS, lead agencies may analyze and mitigate the significant effects of GHG emissions at a programmatic level, such as in a general plan, a long range development plan, or a separate plan to reduce GHG emissions as authorized in State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), section 15183.5(a); and

WHEREAS, public agencies may choose to analyze and mitigate significant GHG emissions in a plan for the reduction of GHG and such a plan may be used in a cumulative impacts analysis (State CEQA Guidelines, §15183(b)); and

WHEREAS, section 15183(b)(1) of the State CEQA Guidelines states that a plan for the reduction of GHG should: a) Quantify GHG emissions, both existing and projected over a specified time period, resulting from activities within a specified area; b) Establish a level, based on substantial evidence, below which the contribution to greenhouse gas emissions from activities covered by the plan would not be cumulatively considerable; c) Identify and analyze the greenhouse gas emissions resulting from specific actions or categories of actions anticipated within the geographic area; d) Specify measures or a group of measures, including performance standards, that substantial evidence demonstrates, if implemented on a project-by-project basis, would collectively achieve the specified emissions level; e) Establish a mechanism to monitor the plan's progress toward achieving the level and to require amendment if the plan is not achieving specified levels; f) Be adopted in a public process following environmental review; and

WHEREAS, the City of Santee ("City") has prepared the "Sustainable Santee Plan" ("SSP" or "Project"), attached hereto as **Exhibit A**, as a comprehensive plan to reduce GHG emissions within its jurisdictional boundary to meet State targets; and

WHEREAS, Chapter 2 and Appendix A of the proposed Sustainable Santee Plan quantifies GHG emission with inventories (2005 and 2013) and projections of future GHG emissions in the years 2020, 2030, and 2035; and

WHEREAS, Chapter 2 of the proposed Sustainable Santee Plan establishes a level based on substantial evidence, below which the contribution to GHG emissions from activities covered by the plan would not be cumulatively considerable; and

WHEREAS, Chapter 2 of the proposed Sustainable Santee Plan identifies and analyzes GHG emissions from specific categories of actions within the jurisdictional boundaries of the City of Santee; and

WHEREAS, Chapter 3 of the proposed Sustainable Santee Plan specifies measures or a group of measures, including performance standards, that substantial evidence demonstrates, if implemented on a project-by-project basis would collectively achieve the specified emissions level within the jurisdictional boundaries of the City of Santee; and

WHEREAS, Chapter 5 of the proposed Sustainable Santee Plan establishes mechanisms such as annual reporting and updated GHG inventories every 3 to 5 years to monitor the plan's progress toward achieving the level and to require amendments if the plan is not achieving specified levels; and

WHEREAS, pursuant to Public Resources Code section 21067,State CEQA Guidelines section 15367, and the City's Local CEQA Guidelines, the City is the lead agency for the proposed Project; and

WHEREAS, pursuant to CEQA and the State CEQA Guidelines the City determined that a Program Environmental Impact Report ("PEIR") should be prepared in accordance with State CEQA Guidelines section 15168 in order to analyze all potential adverse environmental impacts of the proposed Sustainable Santee Plan at a programmatic level; and

WHEREAS, the PEIR identifies all potential impacts that would result from Project implementation at a programmatic level and identifies mitigation measures that future development would implement to reduce identified potentially significant effects; and

WHEREAS, any proposal for future development under the proposed Sustainable Santee Plan must be reviewed pursuant to the goals, policies, and plans of the proposed Sustainable Santee Plan and implementing entitlements; and

WHEREAS, as addressed in State CEQA Guidelines section 15168(c), if a later activity would have effects not examined in the PEIR, a new Initial Study would need to be prepared leading to either an EIR or negative declaration, or if the lead agency finds that pursuant to State CEQA Guidelines section 15162 no new effects could occur or no new mitigation measures are required, the City can approve the activity as being within the scope of the Project covered by the PEIR and no new environmental documentation would be required; and

WHEREAS, the City issued a Notice of Preparation ("NOP") of a Draft PEIR for the proposed Project on or about August 17, 2017, and circulated the NOP for a 30-day public review period; and

WHEREAS, in the NOP, the City solicited comments from various public agencies, other entities, and members of the public; and

WHEREAS, on August 31, 2017, the City held a public scoping meeting to further solicit comments on the scope of the PEIR; and

WHEREAS, a Draft PEIR was prepared incorporating comments received in response to the NOP; and

WHEREAS, the Draft PEIR concluded that there would be no significant and unavoidable impacts resulting from the Project; and

WHEREAS, the Draft PEIR further determined that mitigation measures were required to mitigate some impacts to a less than significant level; and

WHEREAS, on or about March 15, 2019 the City initiated a 45-day public review and comment period for the Draft PEIR for the proposed Project; and

WHEREAS, during the public review and comment period, copies of the Draft PEIR and technical appendices were available for review and inspection at City Hall and on the City's website; and

WHEREAS, pursuant to State CEQA Guidelines section 15086, the City consulted with and requested comments from all responsible and trustee agencies, other regulatory agencies, and others during the 45-day public review and comment period; and

WHEREAS, during the public review and comment period, the City received two comment letters from local or regional agencies, four comment letters from non-government organizations, and three letters from individuals; and

WHEREAS, after the close of the 45-day public review and comment period, the City received two additional late comment letters from non-government organizations; and

WHEREAS, the City has prepared a Final PEIR, consisting of the written comments received during and after the close of the 45-day public review and comment period on the Draft PEIR, written responses to those comments, and revisions to the Draft PEIR. For the purposes of this Resolution, the "PEIR" shall refer to the Draft PEIR, as revised by the Final PEIR, together with the other sections of the Final PEIR; and

WHEREAS, pursuant to Public Resources Code section 21092.5, the City provided copies of its responses to commenting public agencies at least ten (10) days prior to the City Council's consideration of the Final PEIR; and

WHEREAS, on August 28, 2019, the City Council held a public hearing on the Project, at which all persons wishing to testify were heard; and

WHEREAS, the environmental impacts identified in the PEIR that the City finds are of no impact or constitute a less than significant impact and do not require mitigation are described in Section II of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, the environmental impacts identified in the PEIR as potentially significant but which the City finds can be mitigated to a level of less than significant through the incorporation of feasible Mitigation Measures identified in the PEIR and set forth herein, are described in Section III of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, the cumulative impacts of the Project identified in the PEIR and set forth herein, are described in Section IV of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, the significant and irreversible environmental changes that would result from the proposed Project, but which would be largely mitigated, and which are identified in the PEIR and set forth herein, are described in Section V of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, the existence of any growth-inducing impacts resulting from the proposed Project identified in the PEIR and set forth herein, are described in Section VI of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, alternatives to the proposed Project that might eliminate or reduce significant environmental impacts are described in Section VII of the CEQA Findings of Fact, attached hereto as **Exhibit B**; and

WHEREAS, the Mitigation Monitoring and Reporting Program setting forth the mitigation measures to which the City shall bind itself in connection with adopting the Project is attached hereto **as Exhibit C**; and

WHEREAS, prior to taking action, the City Council has heard, been presented with, reviewed and considered all of the information and data in the administrative record, including the PEIR, and all oral and written evidence presented to it during all meetings and hearings; and

WHEREAS, the PEIR reflects the independent judgment of the City Council and is deemed adequate for purposes of making decisions on the merits of the Project; and

WHEREAS, the City has not received any comments or additional information that constitute substantial new information requiring recirculation of the PEIR or any portion thereof under Public Resources Code section 21092.1 and State CEQA Guidelines section 15088.5; and

WHEREAS, all the requirements of CEQA, the State CEQA Guidelines, and the City's Local CEQA Guidelines have been satisfied by the City in the PEIR, which is sufficiently detailed so that all of the potentially significant environmental effects of the proposed Project have been adequately evaluated; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

THE CITY COUNCIL OF THE CITY OF SANTEE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1: RECITALS

The recitals above are true and correct and are incorporated into this Resolution by reference as findings of fact.

SECTION 2: CEQA COMPLIANCE

As the decision-making body for the City, and in the City's roll as lead agency under the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), the City Council has reviewed and considered the information relating to the Sustainable Santee Plan ("SSP" or "Project") contained within the Draft and Final Program Environmental Impact Reports ("PEIR") and all supporting documentation, together with all oral and written comments received during the public review process, and all other related documents, which are available at City Hall and which are incorporated by reference herein. The City Council finds that the PEIR reflects the independent judgment and analysis of the City. The City Council further finds that the PEIR contains a complete and accurate reporting of environmental impacts associated with the Project, and was prepared in compliance with CEQA, the State CEQA Guidelines, and the City's Local CEQA Guidelines. The City Council further finds and declares that the City has not received any evidence of new significant impacts, as defined by State CEQA Guidelines, section 15088.5, after circulation of the Draft PEIR which would require recirculation. No substantial changes to the Project have occurred that would require a supplemental or subsequent EIR.

SECTION 3: FINDINGS OF FACT

In accordance with State CEQA Guidelines, sections 15091 and 15093, the City Council hereby adopts the Environmental Findings of Fact attached hereto as **Exhibit B** and incorporated herein by this reference as if fully set forth herein.

SECTION 4: CERTIFICATION OF THE PEIR

In accordance with State CEQA Guidelines, sections 15090, the City Council hereby certifies that:

A. The PEIR is an accurate and objective statement that has been completed in compliance with CEQA and the State CEQA Guidelines.

B. The City Council has been presented with and has reviewed and considered the information contained in the PEIR prior to approving the Sustainable Santee Plan.

C. The PEIR reflects the City Council's independent judgment and analysis.

SECTION 5: MITIGATION MONITORING AND REPORTING PROGRAM

Pursuant to Public Resources Code section 21081.6, the City Council hereby adopts the Mitigation Monitoring and Reporting Program ("MMRP") attached hereto as **Exhibit C** and incorporated herein by this reference. The City Council finds that the MMRP is designed to ensure that, during the implementation of the Project, the City and any other responsible parties implement the components of the Project and comply with the mitigation measures identified in the MMRP. To the extent there is any conflict between the MMRP, the PEIR, or the Findings of Fact, the terms and provisions of the MMRP shall control.

SECTION 6: ADOPTION OF THE SUSTAINABLE SANTEE PLAN

Based upon the entire record before the City Council and the findings set forth herein, the City Council of the City of Santee adopts the Sustainable Santee Plan, attached to this Resolution as **Exhibit A**.

SECTION 7: RECORD OF PROCEEDINGS

The documents and materials that constitute the record of proceedings on which this Resolution has been based are located at City Hall, 10601 N. Magnolia Avenue, Santee, CA 92071. The custodian of the record of proceedings is the Department of Development Services.

SECTION 8: NOTICE OF DETERMINATION

The City Council hereby directs staff to prepare and file a Notice of Determination with the County Clerk of the County of San Diego within five working days of the execution of this Resolution and approval of the Project and with the Office of Planning and Research.

ADOPTED by the City Council of the City of Santee, California, at a Regular meeting thereof held this 28th day of August, 2019 by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____

JOHN W. MINTO, MAYOR

ATTEST:

_____

ANNETTE ORTIZ, MBA, CMC, CITY CLERK

EXHIBIT A
SUSTAINABLE SANTEE PLAN

The complete Sustainable Santee Plan may be found at:

1. The City's website: http://cityofsanteeca.gov/

or

2. City Clerk
   City of Santee
   10601 Magnolia Avenue
   Santee, CA 92071

EXHIBIT B
FINDINGS OF FACT

SECTION I: INTRODUCTION

Public Resources Code section 21002 states that "public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects[.]" Section 21002 further states that the procedures required by CEQA "are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects."

Pursuant to section 21081 of the Public Resources Code, a public agency may only approve or carry out a project for which an EIR has been completed that identifies any significant environmental effects if the agency makes one or more of the following written finding(s) for each of those significant effects accompanied by a brief explanation of the rationale for each finding:

1. Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.

2. Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency.

3. Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.

As indicated above, section 21002 requires an agency to "avoid or substantially lessen" significant adverse environmental impacts. Thus, mitigation measures that "substantially lessen" significant environmental impacts, even if not completely avoided, satisfy section 21002's mandate. (*Laurel Hills Homeowners Assn. v. City Council* (1978) 83 Cal.App.3d 515, 521 ["CEQA does not mandate the choice of the environmentally best feasible project if through the imposition of feasible mitigation measures alone the appropriate public agency has reduced environmental damage from a project to an acceptable level"]; *Las Virgenes Homeowners Fed., Inc. v. County of Los Angeles* (1986) 177 Cal. App. 3d 300, 309 ["[t]here is no requirement that adverse impacts of a project be avoided completely or reduced to a level of insignificance . . . if such would render the project unfeasible"].)

While CEQA requires that lead agencies adopt feasible mitigation measures or alternatives to substantially lessen or avoid significant environmental impacts, an agency need not adopt infeasible mitigation measures or alternatives. (Pub. Resources Code, § 21002.1(c) [if "economic, social, or other conditions make it infeasible to mitigate one or more significant effects on the environment of a project, the project may

nonetheless be carried out or approved at the discretion of a public agency"]; see also State CEQA Guidelines, § 15126.6(a) [an "EIR is not required to consider alternatives which are infeasible"].) CEQA defines "feasible" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors." (Pub. Resources Code, § 21061.1.) The State CEQA Guidelines add "legal" considerations as another indicia of feasibility. (State CEQA Guidelines, § 15364.) Project objectives also inform the determination of "feasibility." (*Jones v. U.C. Regents* (2010) 183 Cal. App. 4th 818, 828-829.) "'[F]easibility' under CEQA encompasses 'desirability' to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, and technological factors." (*City of Del Mar v. City of San Diego* (1982) 133 Cal.App.3d 401, 417; see also *Sequoyah Hills Homeowners Assn. v. City of Oakland* (1993) 23 Cal.App.4th 704, 715.) "Broader considerations of policy thus come into play when the decision making body is considering actual feasibility[.]" (*Cal. Native Plant Soc'y v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1000 ("*Native Plant*"); see also Pub. Resources Code, § 21081(a)(3) ["economic, legal, social, technological, or other considerations" may justify rejecting mitigation and alternatives as infeasible] (emphasis added).)

Environmental impacts that are less than significant do not require the imposition of mitigation measures. (*Leonoff v. Monterey County Board of Supervisors* (1990) 222 Cal.App.3d 1337, 1347.)

The California Supreme Court has stated, "[t]he wisdom of approving . . . any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced." (*Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal.3d 553, 576.) In addition, perfection in a project or a project's environmental alternatives is not required; rather, the requirement is that sufficient information be produced "to permit a reasonable choice of alternatives so far as environmental aspects are concerned." Outside agencies (including courts) are not to "impose unreasonable extremes or to interject [themselves] within the area of discretion as to the choice of the action to be taken." (*Residents Ad Hoc Stadium Com. v. Board of Trustees* (1979) 89 Cal.App.3d 274, 287.)

SECTION II: FINDINGS REGARDING ENVIRONMENTAL IMPACTS NOT REQUIRING MITIGATION

The City Council hereby finds that the following potential environmental impacts of the Project are less than significant and therefore do not require the imposition of Mitigation Measures.

A. AESTHETICS

1. Scenic Vistas

Threshold: Would the Project have a substantial adverse effect on a scenic vista?

Finding: Less than significant. (Initial Study [IS], p. 14.)

Explanation: The SSP is a policy-level document that does not include any site-specific designs or proposals and does not propose to grant any entitlements for development that would have the potential to degrade the aesthetic quality of the environment or adversely affect visual resources within the City. The SSP proposes strategies and measures that would aid in reducing the City's greenhouse gas emissions and, thus, would not directly lead to development that would affect a scenic vista. While the SSP does not recommend specific densities, building heights, massing, or design of any projects, future activities implemented under the SSP could result in changes to community aesthetics. For example, the SSP promotes the installation of photovoltaic (PV) panels on homes and businesses to provide alternate sources of energy. PV panels could be placed on rooftops, which could potentially alter scenic views from homes or businesses located behind the rooftop panels. However, the placement of PV panels for residential use would likely not be large enough to significantly affect views from other residences located uphill or behind the rooftop panels. Installation of these panels would require standard building permits from the City, which would ensure the PV panels would not have a specific, adverse impact on visual resources.

Furthermore, any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. The City's zoning regulations, standard development conditions, and design guidelines address site and building design. Therefore, the SSP would not result in any substantial visual impacts on the physical environment and impacts would be less than significant.

2. Scenic Resources

Threshold: Would the Project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

Finding: Less than significant. (IS, p. 15.)

Explanation: According to the California Scenic Highway Mapping System, there are no officially designated highways within the project area. However, a segment of State Route 52, located west of Santee,

was designated a state scenic highway in 2016(Caltrans 2017).

Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Specifically, General Plan Policies 9.7 and 10.1 and Objective 12 will protect the scenic resources and historic buildings associated with State Route 52 (City of Santee 2003). Therefore, implementation of the SSP would not result in any substantial damage to scenic resources within a State Scenic Highway. Impacts would be less than significant.

3. Visual Character

Threshold: In non-urbanized areas, would the project substantially degrade the existing visual character or quality of public view of the site and its surroundings?

Finding: Less than significant. (Draft PEIR, 4.1-11 and -12.)

Explanation: The SSP does not propose specific development. However, it has measures that encourage clean energy, energy-saving retrofits to existing buildings, and the planting of new types and increased numbers of trees that would have potential impacts on visual character. Types of development and retrofits encouraged by the SSP could include incorporation of renewable energy-generating systems in new construction, such as solar panels, photovoltaic arrays, and energy-saving components such as cool roofs and cool pavement. Solar photovoltaic panels would likely be visible to visitors, employees, and residents, and screening would inhibit energy production. Depending on the size, mass, and color of these renewable energy-generating and energy-saving components, future redevelopment or development could result in changes to the visual character and quality of an individual site and its surroundings.

However, the incorporation of solar roof-to photo-voltaic systems in buildings is becoming more commonly accepted by the community. Both public high schools in Santee, Santana High School and West Hills High School, have constructed photo-voltaic systems over portions of their respective parking lots. These structures generate renewable energy and act as a shade structure, keeping cars cool in the summer. A similar structure was constructed over the parking lot at the Sports-Plex in Town Center Community Park in Santee. This is in addition to the hundreds of roof-top photo-voltaic systems that have been installed on single-family homes in Santee. Target in Town center has installed a roof-top solar photo-voltaic system

behind its parapet that has helped the building achieve an Energy Star Award.

New development projects require a discretionary review under the Santee Municipal Code. These new projects would be required to evaluate their energy efficiency under Measure 10.1 (Screening Tables) and be subject to CEQA review. Discretionary review process would evaluate the Screening Table implementation to ensure that energy efficiency methodology is compatible with the structure and surrounding development. The General Plan, Land Use Policy 11.1 requires the City to ensure that all requirements set forth within the Community Enhancement Element are implemented during the development review process. This includes the Policies of 6.1, 8.2, and 8.4 of the General Plan, Community Enhancement which are designed to create and maintain a positive visual identity for the City. Light reflecting cool roofs and cool pavement would also be evaluated during this discretionary review.

Energy retrofits on existing structures and installation of solar photo-voltaic systems on rooftops of buildings would not substantially degrade the visual quality or character of the City, as future projects are required to comply with the Municipal Code and be consistent with General Plan policies and measures. Technology of roof-panel has improved that steep and obvious mounting angles for such panels is no longer necessary. In fact solar photo-voltaic technology is being incorporated in modern structure's building materials, as per the Tesla solar roof (2019) in which the roof tiles collect the solar energy. Additionally, any energy efficiency device would have to comply with the Santee Municipal Code with regard to height, setbacks, etc. Specifically, Section 17.06.100 Small Residential Rooftop Solar Energy Systems, requires that the panel or module array does not exceed the maximum legal building height as defined by the City.

The project Measure 5.1 and 6.1 would introduce new types and greater number of trees to Santee. Trees reduce the ambient temperatures, create shade, and sequester carbon. Planting trees is consistent with Policy 9.2 of the General Plan, Community Enhancement Element. Trees provide relief from the built environment.

Overall, the impact of the project on Threshold 4.1.3 is less than significant. (Draft PEIR, pp. 4.1-11 and -12.)

B. AGRICULTURE AND FOREST RESOURCES

1. Farmland Conversion

Threshold: Would the Project convert Prime Farmland, Unique Farmland, or Farmland of Statewide significance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

Finding: No impact. (IS, p. 17.)

Explanation: The City does not contain soils designated by the California Department of Conservation (CDC), Division of Land Resources (DLRP), as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (CDC DLRP 2015). No impact would occur.

2. Agricultural Zoning

Threshold: Would the Project conflict with existing zoning for agricultural use, or a Williamson Act contract?

Finding: No impact. (IS, p. 17.)

Explanation: The City does not contain any land that is subject to a Williamson Act contract, which is designed to retain prime agriculture and open space by providing tax incentives for property owners (CDC DLRP, 2013). Therefore, implementation of the SSP would not conflict with a Williamson Act contract. No impact would occur.

3. Forest Land Zoning

Threshold: Would the Project conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g)?

Finding: No impact. (IS, p. 17.)

Explanation: The City's land cover is designated as Urban and Rangeland (predominantly Shrub and Herbaceous) on the Fire and Resource Assessment Program (FRAP) State of California Land Cover Map (California Department of Forestry and Fire Protection [Cal Fire] 2006), which identifies forest land coverage in California. This designation does not constitute forest land or timberland. There is no land with existing zoning of forest land or timberland within the City. Therefore, the implementation of the SSP would not conflict with existing zoning, or cause rezoning of forest land or timberland. No impact would occur.

4. Loss of Forest Land

Threshold: Would the Project result in the loss of forest land or conversion of forest land to non-forest use?

Finding: No impact. (IS, p. 17.)

Explanation: There are no areas designated as forest land in the City. Therefore, implementation of the SSP would not result in the loss of forest land or conversion of forest land to non-forest use. No impact would occur.

5. Conversion of Farmland or Forest Land

Threshold: Would the Project involve other changes in the existing environment which, due to their location or nature, could result in conversion of farmland, to non-agricultural use or conversion of forest land to non-forest use?

Finding: No impact. (IS, p. 18.)

Explanation: The implementation of the SSP would not result in the loss of farmland. The City does not have land cover designated as forest land. Therefore, the implementation of the SSP would not convert forest land to non-forest use. No impact would occur.

C. AIR QUALITY

1. Air Quality Plans and Air Quality Standards

Threshold: Would the Project conflict with or obstruct implementation of the applicable air quality plan; violate any air quality standard or contribute substantially to an existing or projected air quality violation?

Finding: Less than significant. (Draft PEIR, pp. 4.2-16 through -18.)

Explanation: *Short Term Construction Emissions*

Implementation of the SSP could result in construction of energy-generating facilities such as photovoltaic/solar arrays or installation of cool roofs that would primarily be installed on rooftops of new or existing buildings. It could also result in energy-efficiency retrofits in existing residential, commercial, and municipal buildings throughout the City. However, details of the potential construction activities are unknown. Each individual construction activity associated with future development projects will need to comply with the CEQA.

Long Term Operational Emissions

Long-term air pollutant emission impacts are those associated with stationary sources and mobile sources involving any changes related to the proposed project. The citywide energy usage (including electricity and natural gas) and VMT data were obtained from the proposed project and entered in CalEEMod under User Defined Industrial land use of one unit size. The countywide off-road emissions were calculated from OFFROAD2007 model and proportioned to citywide emissions based on relevant indicator data, as described in the SSP. Table 4.2.E presents a summary of the peak daily emissions for the Sustainable Santee Plan baseline year 2005, forecast year 2035 (under business as usual scenario), and changes in emissions. The CalEEMod and OFFROAD2007 model outputs and calculations are provided in Appendix C, Air Quality Analysis Memo.

Draft PEIR Table 4.2.E shows that the SSP would decrease all criteria air pollutants emissions from both baseline and buildout of General Plan and thus would not exceed the corresponding SDAPCD daily emission thresholds for any criteria pollutants.

The SSP would reduce regional criteria air pollutants emissions and is not expected to result in any long-term regional air quality impacts. Therefore, the SSP will not conflict with the RAQS or SIP, and no significant impact will result with respect to implementation of the air quality plan. The SSP is an implementation tool of the City's General Plan, does not change the City's population, is considered to be within the SANDAG growth projections, and thus would be consistent with the SIP and RAQS. Therefore, implementation of the SSP would not conflict with or obstruct implementation of the applicable air quality plan. Impacts would be less than significant. (Draft PEIR, pp. 4.2-16 through -18.)

2. Cumulatively Considerable Pollutant Emissions

Threshold: Would the Project result in cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?

Finding: Less than significant. (IS, p. 19.)

Explanation: Implementation of the SSP would not add any vehicle trips. It is anticipated that implementation of the SSP would decrease VMT and vehicle emissions, thus improving air quality. The SSP implementation would reduce reliance on traditional, more-polluting forms of energy by increasing use of cleaner, alternative energy sources. The change in energy sources would reduce emissions associated with energy production. The SSP would promote the

renovation of existing structures with energy-efficiency retrofits and renewable energy. The anticipated construction activities required for retrofits and renovations would not involve large internal-combustion equipment that would contribute substantial air emissions or contribute to a cumulatively considerable net increase of any criteria pollutant for which the region is in nonattainment. Therefore, the impact would be less than significant.

3. Sensitive Receptors

Threshold: Would the Project expose sensitive receptors to substantial pollutant concentrations?

Finding: Less than significant. (IS, p. 20.)

Explanation: Implementation of the SSP would not add any new vehicle trips or otherwise increase VMT. Implementation of the SSP would decrease VMT and the associated vehicle emissions, thereby improving air quality. The SSP implementation would reduce reliance on traditional, more-polluting forms of energy by increasing use of cleaner, alternative energy sources. The change in energy sources would reduce emissions associated with energy production. The SSP would promote the renovation of existing structures with energy-efficiency retrofits and renewable energy. The anticipated construction activities required for retrofits and renovations would not involve large internal-combustion equipment that would contribute substantial air emissions that could affect sensitive receptors. The impact would be less than significant.

4. Other Adverse Emissions

Threshold: Would the Project result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?

Finding: No impact. (IS, p. 20.)

Explanation: The SSP would not propose strategies or measures that would directly or indirectly result in the creation of objectionable odors. SSP strategies would include construction and installation of renewable energy structures (i.e., solar panels) and expansion of bicycle infrastructure; however, construction activities associated with those measures would not create objectionable odors. Therefore, no impact would occur.

D. BIOLOGICAL RESOURCES

1. Sensitive Species

Threshold: Would the Project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?

Finding: Less than significant. (IS, p. 20-21.)

Explanation: Implementation of energy retrofits or energy production facilities could result in removal of habitat or street trees, which can provide nesting opportunities, or otherwise affect protected candidate, sensitive, or special-status species. Chapter 12.24 of the City's Municipal Code promotes urban forestry and protects trees on public property (City of Santee 2016). Furthermore, an objective of the City's General Plan Conservation Element is to preserve significant biological resources. This objective lists four policies (7.1-7.4) that help achieve this goal by encouraging and requiring the preservation, conservation, and/or enhancement of biological resources in the City. All new development that would implement goals and strategies in the SSP must be in compliance with the City's Municipal Code and General Plan policies. Therefore, the impact from implementation of the SSP would be less than significant.

2. Riparian Habitat

Threshold: Would the Project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?

Finding: Less than significant. (IS, pp. 21-22.)

Explanation: The natural waterways within the City provide unique riparian habitat for various species. Riparian/ wetland habitat is considered to be significant wildlife habitat, particularly for bird species. As such, the City's General Plan encourages the maintenance of appropriate open space uses adjacent to these waterways. Therefore, any future development projects that would implement SSP measures and actions near waterways and open spaces would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Impacts would be less than significant.

3. Wetlands

Threshold: Would the Project have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

Finding: Less than significant. (IS, p. 22.)

Explanation: There are over 300 acres of wetland vegetation communities in the City, concentrated primarily along the San Diego River and Sycamore Creek (City of Santee 2003). Implementation of the General Plan's Conservation Element requires the enforcement of appropriate Federal, State, and local water quality regulations. Implementation of the SSP would not result in development in any wetland areas. It is possible that retrofit or construction activities could occur adjacent to wetlands. However, compliance with the General Plan would ensure no net loss of wetlands. There would be no significant impact on wetlands.

4. Wildlife Movement

Threshold: Would the Project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

Finding: Less than significant. (IS, p. 22.)

Explanation: General Plan Conservation Element policies and implementation programs promote the recovery and protection of corridors linking separate habitat areas to prevent fragmentation of sensitive natural communities. In addition, all projects are subject to the Migratory Bird Treaty Act (MBTA), which prohibits taking, killing, possessing, transporting, and importing of migratory birds, parts of migratory birds, and their eggs and nests, except when specifically authorized by the Department of the Interior. Therefore, any development pursuant to the SSP would be evaluated for conformance to these policies and regulations to ensure that riparian habitat or sensitive natural communities are not adversely affected. The impact would be less than significant.

5. Local Policies and Ordinances

Threshold: Would the Project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

Finding: Less than significant. (IS, p. 22-23.)

Explanation: An objective of the City's General Plan Conservation Element is to preserve significant biological resources. This objective lists four policies (7.1 through 7.4) to help achieve this goal by encouraging and requiring the preservation, conservation, and/or enhancement of biological resources in the City. Furthermore, projects that implement strategies from the SSP would be subject to the City's Water Efficient Landscape Ordinance, Tree Ordinance, all applicable Federal, State, and regional policies and regulations related to the protection of important biological resources. Specifically, development would be required to comply with the Federal Endangered Species Act, MBTA, Federal Clean Water Act, California Endangered Species Act, California Fish and Wildlife Code, California Wetlands Conservation Policy, and California Department of Fish and Wildlife Lake or Streambed Alteration Program. Therefore, impacts would be less than significant.

6. Habitat Conservation Plans

Threshold: Would the Project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan (NCCP), or other approved local, regional, or state habitat conservation plan?

Finding: Less than significant. (Draft PEIR, p. 4.3-4 and -5.)

Explanation: The MSCP is the NCCP for San Diego County (City of San Diego 1998). The MSCP allows local jurisdictions to maintain land use control and implement their respective portions of the MSCP through Subarea Plans. The City is drafting its Subarea Plan, which will act as an HCP in combination with the MSCP. The City's MSCP Subarea Plan aims to balance development needs with habitat conservation and would ultimately protect approximately one-fourth of the City as permanent open space (City of Santee 2003). The City's MSCP Subarea Plan will also specify where future development and habitat preservation are expected to occur and what biological mitigation is required of future development. Once the SSP is adopted, any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, including the City's MSCP Subarea Plan. In addition, future projects would be required to comply with CEQA.

The San Diego River Park Master Plan provides a vision and guidance for development within a half-mile for a 17.5-mile section of the San Diego River, which includes portions of the City of Santee. Future development projects that would implement SSP measures and actions would be subject to all applicable visions, principles, recommendations and implementation strategies within

the San Diego River Park Master Plan.

Therefore, implementation of the SSP would not result in any conflict with approved habitat conservation plans. Impacts would be less than significant.

E. CULTURAL RESOURCES

1. Historical Resources

Threshold: Would the Project cause a substantial adverse change in the significance of a historical resource pursuant to State CEQA Guidelines, section 15064.5?

Finding: Less than significant. (IS, p. 24.)

Explanation: Implementation of the SSP would include energy-efficiency retrofit activities, which could be proposed at the site of a historical resource or at the site of a resource considered to be a potential historical resource. Future energy-efficiency retrofit activities have the potential to result in impacts on individual historical resources within the City, including resources listed in or eligible for listing in the National Register of Historic Places, California Register of Historic Places, and the City's inventory of historic resources. Five historic sites have been recorded within the City, representing less than 10 percent of the total cultural resource inventory (City of Santee 2003). In addition, the City has one structure (Edgemoor Farm Dairy Barn) listed in the National Register of Historical Places and one registered Local Historic Landmark (James Love House). General Plan Conservation Element Policies 8.1 and 8.2 incorporate specific measures to identify, register, protect, and preserve historic and archaeological resources into the City planning and environmental review processes. As such, these policies ensure that energy efficiency retrofits to historic buildings would be done without degrading the features of the building that make it a historic resource. Therefore, potential impacts to historic resources as a result of implementation of the SSP would be less than significant.

2. Archaeological Resources

Threshold: Would the Project cause a substantial adverse change in the significance of an archaeological resource pursuant to State CEQA Guidelines, section 15064.5?

Finding: Less than significant. (IS, p. 24.)

Explanation: According to the General Plan, 65 cultural resource sites are known to occur within the City, based on a review of official records. The

majority of cultural resources in the City are prehistoric sites with one that has both a prehistoric and a historic component.

Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. According to the General Plan Conservation Element, the City shall also use the environmental review process to preserve archaeological resources. Additionally, General Plan Conservation Element Policies 8.1 and 8.2 incorporate specific measures to preserve historic and prehistoric sites, and cultural and archaeological resources. Preservation could include the professional retrieval of artifacts prior to the development of a site or curation of any recovered artifacts as a condition of any cultural resources mitigation program. Therefore, potential impacts to archaeological resources as a result of implementation of the SSP would be less than significant.

3. Human Remains

Threshold: Would the Project disturb any human remains, including those interred outside of dedicated cemeteries?

Finding: Less than significant. (IS, p. 25.)

Explanation: Human remains are known to occur at one of the prehistoric sites in the City. Human burials have specific provisions for treatment in Section 5097 of the California Public Resources Code. Disturbing human remains could also violate the California Health and Safety Code, Section 7050.5. The General Plan Conservation Element Policy 8.1 also incorporates specific measures to preserve historic and prehistoric sites.

Therefore, through compliance with the California Public Resources Code, the California Health and Safety Code, and General Plan policy, potential impacts to historic and prehistoric sites, and human remains, as a result of implementation of the SSP would be less than significant.

F. ENERGY

1. Wasteful Use of Energy

Threshold: Would the Project result in a potentially significant impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?

Finding: Less than significant.

Explanation: The purpose of the Project is to incorporate energy efficiency features and reduce greenhouse gas emissions through measures that encourage energy efficiency, water conservation, and alternative transportation. Therefore, the Project's measures encourage clean energy, energy-saving retrofits to existing residential, commercial, and municipal buildings, and the incorporation of renewable energy-generating systems in new construction, including solar panels, photovoltaic arrays, and other energy-saving components such as cool roofs and cool pavement. As a result of the SSP, new developments requiring a discretionary review would be required to evaluate their energy efficiency under Measure 10.1 (Screening Tables). Implementation of the SPP could result in construction, which would require energy expenditure, but it would be to provide energy-generating facilities and energy-efficiency retrofits. Implementation of the SSP would ultimately reduce reliance on traditional, less-efficiency forms of energy by increasing the use of cleaner, alternative energy sources. Overall, implementation of the measures and actions contained in the SSP is projected to result in a decrease in energy consumption in both existing and new buildings, increase water efficiency, increase awareness of sustainability issues, reduce landfilled waste, promote clean energy use, expand sustainability transportation option, and optimize vehicular travel. Thus, the Project would not result in waste, inefficiency or unnecessary consumption of energy resources and impacts will be less than significant.

2. Energy Efficiency Plans

Threshold: Would the Project conflict with or obstruct a state or local plan for renewable energy or energy efficiency?

Finding: Less than significant.

Explanation: The Project is consistent with existing State policies and programs aimed at increasing energy efficiency, including Renewable Portfolio Standards, Title 24 Energy Efficiency Standards, and the implementation of the Clean Car Fuel Standard (Pavley Standard). Chapter 1 of the SSP describes the regulatory setting for the SSP in detail, including federal and state legislation, regulations and policies relating to energy efficiency. The SSP forecasts future greenhouse gas emissions (which can be used as proxy for energy efficiency) and compares those forecasts to community targets that are consistent with the State's adopted AB 32 greenhouse gas reduction target, and determines that the SSP is consistent with these targets. Specific to renewable energy, the SSP includes measures that promote clean energy (Measure 9.1), seek opportunities to join the regional Community Choice Aggregation

program (Measure 9.2), and require the application of screening tables that include energy options (Measure 10.1). Therefore no conflicts between the Project and any applicable state or local plan for renewable or energy efficiency will occur, and impacts will be less than significant.

G. GEOLOGY AND SOILS

1. Fault Rupture, Seismic Groundshaking, and Seismic-Related Ground Failure

Threshold: Would the Project directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault; strong seismic ground shaking; seismic-related ground failure including liquefaction; or landslides?

Finding: Less than significant. (IS, pp. 26-27.)

Explanation: According to the City's General Plan, no active or potentially active faults are known to occur within or adjacent to the City. The Rose Canyon Fault Zone, located approximately 10 miles west of the City, is the closest known active fault. Earthquakes that might occur on the Rose Canyon Fault Zone or other faults within the southern California and northern Baja California area are potential generators of significant ground motion in the City. However, the seismic risk within the City is not considered significantly greater than that of the surrounding municipalities and the San Diego County area in general. Since no Alquist-Priolo Earthquake Fault Zones exist within the City, there are no restrictions on development related to the Alquist-Priolo requirements.

In addition, implementation of the SSP would not result in an increased demand for housing and contains no housing component. Therefore, implementation of the SSP would not result in an increase in population that could be exposed to rupture of a known earthquake fault. Implementation of the SSP would include construction of energy-efficient retrofits or clean energy facilities. These structures could be affected by effects of fault rupture; however, impacts associated with rupture of a known fault would be less than significant.

Any future development projects that would implement SSP measures would be subject to the Uniform Building Code (UBC) and the California Building Code (CBC); therefore, the design and construction of the structures would be engineered to withstand the

expected ground acceleration that may occur in the City from regional active faults. Proper engineering and adherence to the UBC and CBC guidelines would minimize the risk to life and property from potential ground motion. Therefore, impacts associated with strong seismic ground shaking would be less than significant.

Liquefaction is a phenomenon where loose, saturated, and relatively uncohesive soil deposits lose strength during strong ground motions. Primary factors controlling the development of liquefaction include intensity and duration of ground accelerations, characteristics of the subsurface soil, in situ stress conditions, and depth to groundwater. According to the City's General Plan, no active or potentially active faults are known to occur within or adjacent to the City. Therefore, impacts associated with seismic-related ground failure, including liquefaction, would be less than significant.

According to the City's General Plan, no active or potentially active faults are known to occur within or adjacent to the City. In addition, General Plan Policies 1.2 and 1.3 provide hillside development guidelines and encourage the preservation of hillsides with steep slopes to minimize danger from landslides. Due to hillside management and low potential for ground shaking, it is unlikely that landslides would occur in the City. Therefore, impacts associated with landslides would be less than significant.

2. Soil Erosion

Threshold: Would the Project result in substantial soil erosion or the loss of topsoil?

Finding: Less than significant. (IS, pp. 27-28.)

Explanation: According to the City's General Plan, the geologic stratigraphy of the City consists of several surficial soil types including fill, topsoil, colluvium, and alluvium. Soils located within valley and drainage bottoms are susceptible to erosion. One of the General Plan Conservation Element objectives is to reduce the amount of erosion of soil in the City. General Plan Policies 4.1 and 4.2 require that appropriate soils and geologic surveys be completed for all proposed development and require appropriate grading, erosion control measures, and replanting to minimize erosion and prevent slippage of man-made slopes (City of Santee 2003). In addition, the Regional Water Quality Control Board (RWQCB) requires Storm Water Pollution Prevention Plans (SWPPPs) prior to construction. SWPPPs have extensive erosion control measures to ensure that erosion is limited to the fullest extent feasible. Compliance with the

General Plan and construction period SWPPP would ensure a less than significant impact.

3. Unstable Soils

Threshold: Would the Project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?

Finding: Less than significant. (IS, p. 28.)

Explanation: Impacts associated with landslides and liquefaction would be less than significant. General Plan Policy 4.1 requires that appropriate soils and geologic surveys be completed for all proposed development. Therefore, unstable soil would be identified prior to construction, and impacts associated with geology unit or soil instability would be less than significant.

4. Expansive Soils

Threshold: Would the Project be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property?

Finding: Less than significant. (IS, p. 28.)

Explanation: Expansive soils have the potential to significantly shrink or swell with changes in moisture content. General Plan Policy 4.1 requires that appropriate soils and geologic surveys be completed for all proposed development. Any future development projects that would implement SSP measures would be subject to these surveys and the UBC, which would ensure that they are developed in a way that minimizes the possible effects of expansive soils. Compliance with existing code regulations would ensure a less than significant impact.

5. Septic Tanks

Threshold: Would the Project have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

Finding: No impact. (IS, p. 28.)

Explanation: The SSP would not include strategies that would lead to development projects with septic tanks or alternative wastewater systems. Therefore, no impact would occur.

6. Paleontological Resources

Threshold: Would the Project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?

Finding: Less than significant. (IS, p. 25.)

Explanation: There are no known unique paleontological resources or geologic features in the City. The SSP would result in resource efficiencies and emission reductions and does not propose land uses that would result in ground disturbance. Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts related to ground disturbance and potential paleontological resources. Therefore, the implementation of the SSP would result in less than significant impact.

H. GREENHOUSE GAS EMISSIONS

1. Emissions Generation

Threshold: Would the Project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

Finding: Less than significant. (IS, pp. 29-30.)

Explanation: Consistent with AB 32, the City has identified a 15 percent community reduction target below baseline (2005) emissions by 2020. Implementation of existing State reduction programs adopted after 2005 (i.e., Renewable Portfolio Standard [RPS], updates to Title 24 Energy Efficiency Standards, and the implementation of the Clean Car Fuel Standard, commonly referred to as the Pavley Standard) is projected to further reduce emissions to 202,273 MT CO2e by 2020, which makes emissions in 2020 significantly lower than baseline levels, and emissions will meet the AB 52 target..

Implementation of the measures and actions that would be contained in the SSP is projected to result in a further emissions reduction, which would meet the applicable AB 32 targets and be aligned with the targets from EO S-3-05 and EO B-30-15. Proposed SSP measures and actions would achieve these reductions by reducing emissions. This reduction would be achieved by decreasing energy consumption in existing and new residential and commercial buildings, increasing water efficiency, increasing awareness of sustainability issues, reducing landfilled waste, promoting clean energy use, expanding sustainable

transportation options, optimizing vehicular travel, and applying CEQA screening tables on new developments. Further, consistent with AB 32 and communitywide goals, the City has identified a 15 percent municipal reduction target below baseline (2005) emissions by 2020. Implementation of existing State reduction programs adopted after 2005 (i.e., RPS, updates to Title 24 Energy Efficiency Standards, and the implementation of the Clean Car Fuel Standard, commonly referred to as the Pavley Standard) is projected to further reduce municipal emissions, which makes emissions in 2020 approximately 3 percent lower than baseline (2005) levels, and to 1,681 MT CO2e in 2035, which is 1 percent higher than baseline levels. Implementation of the measures and actions that would be contained in the SSP is projected to result in a further emissions reductions by 2020 and 2035. Total adjusted municipal emissions, which include reductions from both the SSP measures and the State and local reduction programs, would be reduced by from baseline (2005) levels and meet the applicable AB 32 targets and be aligned with the targets from EO S-3-05 and EO B-30-15.

Further, on September 12, 2018, California Governor Jerry Brown announced through Executive Order B 55 18, the following GHG emissions target: by 2045, California will be carbon neutral. This executive order is more ambitious and replaces the 2050 goal found in Executive Order S-3-05. The order directs the California Air Resources Board to provide a plan with specific regulations to reduce statewide sources of GHG emissions. The Executive Order does not include a specific guideline for local governments, and as of now, the Air Resources Board has not developed a Scoping Plan to reach the B-55-18 target, or developed a methodology for monitoring progress towards carbon neutrality. In fact, Section I.B. of the January 2019 draft California 2030 Natural and Working Lands Climate Change Implementation Plan ("NWL Plan") prepared on behalf of five state agencies (including the California Air Resources Board) recognizes that "the State is still working through the details of what carbon neutrality means and how it can be achieved." The 2017 Climate Change Scoping Plan Update directed the State to develop the NWL Plan to reduce GHG emissions and to cultivate net carbon sequestration potential for California's natural and working lands. The NWL Plan will also support Executive Order B-55-18, which establishes a goal for the State to achieve carbon neutrality by 2045 and maintain net-negative greenhouse gas emissions thereafter.[1]

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[1] On page 4 of the Executive Summary, the NWL plan further explains, "The conservation, restoration, and management activities described in this Plan are focused on State-supported efforts implemented through programs at the California Department of Food and Agriculture (CDFA), California Environmental Protection Agency (CalEPA), California Strategic Growth

The horizon year for the SSP is 2035, consistent with other regional climate action plans and the City of Santee's Mobility Element. Further, 2035 represents the mid-point between the state's reduction targets for the years 2020 and 2050. The City acknowledges the carbon neutral goals of Executive Order B-55-18 and an adopted SSP will be a large first step towards this goal. In the SSP implementation section (Page 92-94), the City commits to updating inventories and refining measures every 3 to 5 years., Inclusion of the Executive Order in subsequent SSPs, with horizon years beyond 2035, could be accomplished once the California Air Resources Board develops a methodology to monitoring progress towards carbon neutrality

The proposed SSP in and of itself would not generate greenhouse gas emissions. It is a policy document that would include measures and actions to achieve applicable reductions by reducing emissions. The reductions would be achieved by decreasing energy consumption in municipal buildings, increasing water efficiency, promoting clean energy use, expanding sustainable transportation options, and optimizing vehicular travel. Impacts would be less than significant.

2. Emission Reduction Plans

Threshold: Would the Project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emission of greenhouse gases?

Finding: Less than significant. (Draft PEIR, p. 4.4-20 through -26.)

Explanation: Policies adopted for the purpose of reducing the emissions of greenhouse gases at the State level include AB 32 and SB 375. The purpose of the SSP is to reduce GHGs within the City. Implementation of the proposed project would not conflict with either of these policies. The proposed project includes baseline GHG emissions inventories for the years 2005 and 2013, emissions reduction targets for the years 2020, 2030, and 2035, forecast emissions inventories under a BAU scenario for 2020, 2030, and 2035, and reduced 2020, 2030, and 2035 inventory that demonstrates the emissions reductions achieved with the implementation of the statewide and local GHG reduction measures outlined in the proposed project. Appendix A of the SSP contains the GHG Inventories, Long-Term Forecasts, and Target-Setting Report that supports the analysis below.

Council (SGC), and the California Natural Resources Agency (CNRA) and its boards, departments, and conservancies. Implementation will occur on State-owned lands or be funded with State dollars on private, tribal, federal, and other public lands.

In 2005, communitywide emissions totaled 339,972 MT CO2e and municipal emissions totaled 1,657 MT CO2e. The largest source of communitywide emissions was on-road transportation, and the largest source of municipal emissions was SDG&E-owned streetlights.

Consistency with AB 32

AB 32 sets greenhouse gas reduction goals for the State. By 2020, emissions should be at or below 1990 levels, and emissions should be 80 percent below 1990 levels by 2050. To reach the 2020 target, a 15 percent decrease from 2005 levels is recommended in the AB 32 Scoping Plan. An interim goal for the City was created for 2030, which was to reduce emissions to 38 percent below 2005 levels. To put the City on a path toward reaching the State's 2050 goal, an emission reduction of 49 percent below 2005 levels by 2035 is proposed. The 2020, 2030, and 2035 community BAU emissions are estimated to be 432,982 MT CO2e, 486,170 MT CO2e, and 515,462 MT CO2e, respectively. These estimates are an increase from 2005 baseline community emissions, with an increase of 93,010 MT CO2e in 2020, 146,198 MT CO2e in 2030, and 175,490 MT CO2e in 2035. The difference between the BAU-forecast community emissions and the established reduction targets for 2020, 2030, and 2035 is 144,006 MT CO2e, 282,187 MT CO2e, and 342,076 MT CO2e, respectively. This is the amount the City of Santee must reduce its community emissions in order to reach its target and match the AB 32 reduction target.

The 2020, 2030, and 2035 municipal BAU emissions are estimated to be 1,948 MT CO2e, 2,003 MT CO2e, and 2,031 MT CO2e, respectively. These estimates are an increase from the 2005 baseline municipal emissions, with an increase of 291 MT CO2e in 2020, 346 MT CO2e in 2030, and 374 MT CO2e in 2035. The difference between the BAU-forecast municipal emissions and the established reduction targets for 2020, 2030, and 2035 is 540 MT CO2e, 970 MT CO2e, and 1,186 MT CO2e, respectively. This is the amount the City of Santee must reduce its municipal emissions in order to reach its target and match the AB 32 reduction target.

The proposed project includes goals, measures, and actions that can be used at the municipal and community levels to meet the City's mass emissions reduction targets identified above. Each goal contains measures to indicate the City's commitment to meeting the goal, and within each measure there are one or more actions presented to indicate the steps the City can take to achieve the measure. Goals at the municipal level include:

- Participate in Education, Outreach, and Planning

Efforts for Energy Efficiency;

- Increase Energy Efficiency in Municipal Buildings;
- Increase Energy Efficiency in Community Buildings and Infrastructure;
- On-Road Energy Efficiency Enhancements; Employee Commute and Fleet; and
- Reduce Energy Consumption in the Long Term.

Goals at the community level include:

- Increase Energy Efficiency in Existing and New Residential Units;
- Increase Energy Efficiency in Existing and New Commercial Units;
- Increase Energy Efficiency through Water Efficiency;
- Decrease Energy Demand through Reducing Urban Heat Island Effect;
- Decrease GHG Emissions through Reducing VMT;
- Decrease GHG Emissions through Reducing Solid Waste Generation;
- Decrease GHG Emissions through Increasing Clean Energy Use; and
- Decrease GHG Emissions from New Development through Performance Standards.

Implementation of these goals, and their associated measures and actions, would reduce communitywide GHG emissions by 30 percent compared to the 2020 BAU emissions, and by 39 percent compared to 2035 BAU emissions. State and federal reduction measures would reduce the 2020 BAU emissions by an additional 19 percent, and would reduce the 2035 BAU emissions by 35 percent. Both communitywide and municipal targets will be met by 2020, 2030, and 2035 with implementation of goals in the proposed project and State and federal reduction measures.

Consistency with SB 375

SB 375 sets regional targets for the reduction of GHG emissions from passenger vehicles. The targets for the SANDAG region are a

7 percent decrease and a 13 percent decrease per capita from 2005 for the years 2020 and 2035, respectively.

The proposed project includes specific goals at the communitywide and municipal levels designed to reduce emissions from passenger vehicles. Community Goal 5, Decrease GHG Emissions through Reducing VMT, includes four measures to effectively achieve this reduction:

- Encourage Non-Motorized Transportation Options
- Implement the Bicycle Master Plan to Expand the Bicycle Routes around the City
- Promote Ride-Sharing Programs within Businesses
- Electrify the Fleet
- Complete Streets and Safe Routes to Schools Programs
- Reduce Vehicle Trips To/From School

Municipal Goal 4, On-Road Energy Efficiency Enhancement; Employee Commute and Vehicle Fleet, also contains four measures to aid in the reduction of passenger vehicle emissions within City operations. These measures are:

- Encourage or Incentivize Employee Carpools.
- Encourage or Incentivize Purchase of Hybrid or Electric Vehicles.
- Replace or Supplement Vehicle Fleet with Hybrid/Electric Vehicles.
- Install E-Vehicle Chargers.

Implementation of these measures and their associated actions would reduce emissions from passenger vehicles within the City by 23 percent compared to the 2020 BAU on-road transportation emissions, and by 30 percent compared to the 2035 BAU on-road transportation emissions. State and federal reduction measures would reduce the 2020 BAU on-road transportation emissions by an additional 17 percent, and would reduce the 2035 BAU emissions by an additional 42 percent. Per capita passenger vehicle emissions targets will be met by 2020 and 2035 with implementation of the goals in the proposed project and the State and federal reduction measures.

With implementation of the proposed measures in the SSP, reduction targets for the City of Santee for both AB 32 and SB 375 will be met by 2020 and 2035. In each case, the targets are exceeded by greater than 10 percent. Implementation of SSP measures and actions would therefore not result in conflict with any applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases.

Further, on September 12, 2018, California Governor Jerry Brown announced through Executive Order B 55 18, the following GHG emissions target: by 2045, California will be carbon neutral. This executive order is more ambitious and replaces the 2050 goal found in Executive Order S-3-05. The order directs the California Air Resources Board to provide a plan with specific regulations to reduce statewide sources of GHG emissions. The Executive Order does not include a specific guideline for local governments, and as of now, the Air Resources Board has not developed a Scoping Plan to reach the B-55-18 target, or developed a methodology for monitoring progress towards carbon neutrality. The horizon year for the SSP is 2035, consistent with other regional climate action plans and the City of Santee's Mobility Element. Further, 2035 represents the mid-point between the state's reduction targets for the years 2020 and 2050. The City acknowledges the carbon neutral goals of Executive Order B-55-18 and an adopted SSP will be a large first step towards this goal. In the SSP implementation section (Page 92-94), the City commits to updating inventories and refining measures every 3 to 5 years., Inclusion of the Executive Order in subsequent SSPs, with horizon years beyond 2035, could be accomplished once the California Air Resources Board develops a methodology to monitoring progress towards carbon neutrality. Impacts would be less than significant. (Draft PEIR, pp. p. 4.4-20 through - 26.)

I. HAZARDS AND HAZARDOUS MATERIALS

1. Hazardous Materials

Threshold: Would the Project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

Finding: Less than significant. (IS, p. 32.)

Explanation: Implementation of the SSP would not result in the routine transport, use, or disposal of hazardous materials. Construction activities associated with retrofit/renovation projects or new mixed use or transit-oriented development projects that would be recommended by the SSP may require use of common but potentially hazardous

construction materials, including vehicle fuels, paints, cleaning materials, and caustic construction compounds. If incorrectly transported, handled, or disposed of, these substances could pose a potential health risk to construction workers and to the general public. However, the transport and handling of these common, potentially hazardous materials at the project site would occur in accordance with California Occupational Safety and Health Administration (Cal OSHA) guidelines. Further, such materials would be disposed of in accordance with California Department of Toxic Substances Control (DISC) and County regulations. Adherence to Federal, State, and local regulations regarding the use and disposal of hazardous materials and wastes would reduce to a Less than Significant level the potential for impacts to human health and safety and the environment in relation to the handling, disposal, and transport of hazardous construction materials. Therefore, implementation of the SSP would have a less than significant impact.

2. Accident or Upset

Threshold: Would the Project create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?

Finding: Less than significant. (IS, p. 32.)

Explanation: Implementation of the SSP would likely result in the renovation of older residential and commercial structures within the City. Structures built prior to 1978 may include asbestos-containing materials (ACMs) and lead-based paint (LBP). If not properly handled and released into the environment in large enough quantities, these materials could pose a threat to construction workers and public safety. However, demolition and construction activities involving hazardous materials removal are heavily regulated and construction workers must comply with applicable Federal and State safety regulations. Compliance with such regulations would reduce the risk on the surrounding environment and worker health to a less than significant impact.

3. Hazards Near Schools

Threshold: Would the Project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?

Finding: Less than significant. (IS, p. 32.)

Explanation: Any future development projects that would implement SSP measures would be subject to Federal, State, and local regulations regarding the use and disposal of hazardous materials and wastes. Therefore, indirect effects associated with future projects, including sites within one-quarter mile of an existing or proposed school would have a less than significant impact due to compliance with such regulations.

4. Waste Sites

Threshold: Would the Project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

Finding: Less than significant. (IS, p. 33.)

Explanation: According to the DISC EnviroStor and California State Water Resources Control Board (SWRCB) GeoTracker databases, there are approximately 130 hazardous materials/waste cleanup and/or permitted sites in the City (DTSC 2016; SWRCB 2016). Any future development projects that would implement SSP measures would be subject to environmental review, which would include a search of appropriate databases (i.e., EnviroStor, GeoTracker) to determine whether the proposed site is a listed hazardous materials site and the status of the site (i.e., whether further evaluation or cleanup action is required or if the case has received regulatory closure and no further action is required). If located on a listed hazardous materials site, the proposed project would be required to comply with applicable Federal, State, and local regulations related to hazardous materials, which would ensure there would be minimal risk of significant hazard to the public or the environment. Therefore, this impact would be less than significant.

5. Emergency Plans

Threshold: Would the Project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

Finding: Less than significant. (IS, p. 34.)

Explanation: The SSP would encourage more efficient land use and transit-oriented development, so it is possible that future projects that implement the strategies of the SSP could require temporary road closures during their construction, which could adversely affect evacuation during an emergency event or emergency response. However, any closures would be short term and alternate routes

would be provided as necessary. It is unlikely that these actions would significantly interfere with adopted emergency response or evacuation plans. Furthermore, all future proposed projects would be subject to further CEQA analysis of project-specific impacts. Therefore, this impact would be less than significant.

J. HYDROLOGY AND WATER QUALITY

1. Water Quality Standards

Threshold: Would the Project violate any water quality standards or waste discharge requirements?

Finding: Less than significant. (IS, p. 35.)

Explanation: The SSP is a policy document that would not propose any new development, but it does include goals and strategies that may result in future development projects that could potentially have environmental impacts. The possible violation of water quality standards or waste discharge requirements may result from runoff during future construction activities. As shown in Land Use and Planning Impact (b), the SSP would be consistent with the City's General Plan. Development of projects in the City that implement the SSP strategies would be subject to General Plan Conservation Element Policies 9.1 through 9.5, which aim to identify and eliminate urban runoff problems before development is approved and require new construction to utilize best management practices (BMPs) to reduce pollutants in urban runoff and storm water discharge. Therefore, the impacts would be less than significant.

2. Groundwater Supplies

Threshold: Would the Project substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that the Project may impede sustainable groundwater management of the basin?

Finding: Less than significant. (IS, p. 36.)

Explanation: Implementation of the SSP would not result in a substantial (if any) increase in impervious surfaces in the City. The SSP would promote development in transit-oriented areas, which are already developed with impervious surfaces. The SSP would not increase the impermeable surface area such that groundwater recharge would be substantially affected. Energy-efficiency retrofits for existing residential and commercial buildings and installation of renewable energy-generating facilities (such as solar arrays) would not increase impermeable surface area in the City. Installation of renewable energy-generating facilities in open areas may result in a

minor increase in impermeable surface area. However, the SSP would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge. The impact would be less than significant.

3. Erosion or Siltation

Threshold: Would the Project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?

Finding: Less than significant. (IS, p. 36.)

Explanation: Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. In addition, the City's General Plan Conservation Element encourages the protection of waterways and drainage courses. Therefore, the SSP would not result in any substantial alteration of existing drainage patterns and impacts would be less than significant.

4. Flooding

Threshold: Would the Project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?

Finding: Less than significant. (IS, p. 36.)

Explanation: Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. In addition, the City's General Plan Conservation Element encourages the protection of waterways and drainage courses. Therefore, the SSP would not result in any substantial alteration of existing drainage patterns and impacts would be less than significant.

5. Runoff

Threshold: Would the Project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would create or contribute runoff

water which would exceed the capacity of existing or planned storm water drainage systems or provide substantially additional sources of polluted runoff or impede or redirect flood flows?

Finding: Less than significant. (IS, p. 37.)

Explanation: Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. In addition, the City's General Plan Conservation Element encourages the protection of waterways and drainage courses. Therefore, the SSP would not result in any substantial alteration of existing drainage patterns and impacts would be less than significant

6. Flood Hazard

Threshold: In flood hazard, tsunami, or seiche zones, would the Project risk release of pollutants due to project inundation?

Finding: No impact. (IS, p. 38.)

Explanation: A seiche is the periodic oscillation of a body of water resulting from seismic shaking. The City is not close to any big lakes, so seiche is unlikely to occur. A tsunami is a very large ocean wave caused by an underwater earthquake or volcanic eruption. The City is located approximately 14 miles inland from the Pacific Ocean, so people or structures in the City would not be exposed to inundation by tsunami. Mudflows are shallow water-saturated landslides that travel rapidly down slopes carrying rocks, brush, and other debris. As discussed in Geology and Soils Impact (a, iv), landslides are unlikely to occur due to the low potential for ground shaking in the area. Thus, it is unlikely that the project site would be subject to inundation by a seiche, tsunami, or mudflow. Therefore, there is no impact

7. Water Quality Control Plan

Threshold: Would the Project conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?

Finding: Less than significant. (IS, pp. 36-37.)

Explanation: The SSP would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge. The impact would be less than significant. Further, the SSP is a policy document that would not propose any new development, but it does include goals

and strategies that may result in future development projects that could potentially have environmental impacts. The possible violation of water quality standards or waste discharge requirements may result from runoff during future construction activities. As shown in Land Use and Planning Impact (b), the SSP would be consistent with the City's General Plan. Development of projects in the City that implement the SSP strategies would be subject to General Plan Conservation Element Policies 9.1 through 9.5, which aim to identify and eliminate urban runoff problems before development is approved and require new construction to utilize best management practices (BMPs) to reduce pollutants in urban runoff and storm water discharge. Therefore, the impacts would be less than significant.

K. LAND USE AND PLANNING

1. Established Communities

Threshold: Would the Project physically divide an established community?

Finding: No impact. (IS, p. 38.)

Explanation: The SSP would not propose changes to existing land use designations. Instead, it would propose strategies that would improve pedestrian and bicycle mobility as well as promote the use of alternative transportation. The SSP would encourage the creation and/or expansion of infrastructure that improves connectivity throughout the community. Therefore, no impact would occur as a result of the SSP's implementation.

2. Conflicts With Plans

Threshold: Would the Project cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?

Finding: Less than significant. (Draft PEIR, p. 4.6-19 and -20.)

Explanation: Several regionally and locally adopted land use plans, policies, and regulations would be applicable to development under the proposed SSP. These include SANDAG's Regional Comprehensive Plan, the San Diego County's Regional Air Quality Strategy and the State Implementation Plan, the City of Santee Zoning Code, the Town Center Specific Plan, the MCAS Miramar Airport Land Use Compatibility Plan, the Gillespie Field Airport Land Use Compatibility Plan, and the San Diego River Park Master Plan.

To fulfill the purposes of the SSP, the City identified the following goals:

- Goal 1: Increase Energy Efficiency in Existing Residential Units.
- Goal 2: Increase Energy Efficiency in Existing Commercial Units.
- Goal 3: Increase Energy Efficiency through Water Efficiency.
- Goal 4: Decrease Energy Demand through Reducing Urban Heat Island Effect.
- Goal 5: Decrease GHG Emissions through Reducing Vehicle Miles Traveled.
- Goal 6: Decrease GHG Emissions through Reducing Solid Waste Generation.
- Goal 7: Decrease GHG Emissions through Increasing Clean Energy Use.
- Goal 8: Decrease GHG Emissions from New Development through Performance Standards.
- Goal M-1: Participate in Education, Outreach, and Planning Efforts for Energy Efficiency.
- Goal M-2: Increase Energy Efficiency in Municipal Buildings.
- Goal M-3: Increase Energy Efficiency in Community Buildings and Infrastructure.
- Goal M-4: On-Road Energy Efficiency Enhancements; Employee Commute and Vehicle Fleet.
- Goal M-5: Reduce Energy Consumption in the Long Term.

Policies in the applicable land use plans identified above are designed to promote sustainability in land use planning. For example, SANDAG's RCP sets forth a regional strategy to promote smarter growth, focusing on locating higher-density and mixed-use development close to existing and planned transportation infrastructure. Additionally, the RTP provides the framework for how the region will meet the GHG targets for passenger cars and light-duty trucks established by the ARB for 2020 and 2035 by using land in a way that makes development more compact, conserves open space, and invests in a transportation network that reduces VMT and gives residents alternative transportation options. The San Diego Air Pollution Control District's RAQS and the SIP establishes a comprehensive regional air pollution control program

leading to the attainment of State and federal air quality standards in the SDAB. The RAQS relies on information from the ARB and SANDAG, including mobile and area source emissions, as well as information regarding projected growth in the County, to project future emissions and then establish the strategies necessary for the reduction of emissions through regulatory controls. The ARB mobile source emission projections and SANDAG growth projections are based on population and vehicle trends and land use plans developed by the cities and by the County as part of the development of their general plans. The SIP relies on the same information from SANDAG to develop emissions inventories and emissions reduction strategies that are included in the attainment demonstration for the SDAB. As such, projects that propose development consistent with the growth anticipated by the general plans would be consistent with the both San Diego Air Pollution Control District's RAQS and the SIP. The SSP establishes goals and policies that incorporate environmental responsibility into its daily management of its community and municipal operations. The SSP will further the goals and standards of the regional plans with regard to air quality, investing in a transportation network that reduces VMT and giving residents alternative transportation options by implementing measures and programs to reduce energy use, water use, and GHG emissions, and that support alternative modes of transportation and ride sharing.

The goals of the General Plan promote sustainability. The SMC also provides development review criteria and procedures to determine the development projects' consistency with the Zoning Code, Municipal Code, and the General Plan. The SSP is a separate document from the General Plan and establishes goals and policies that incorporate environmental responsibility into its daily management of its community and municipal operations. The SSP will further the goals and policies of the General Plan with regard to energy and water conservation, efficient multi-modal transportation network, and encouraging commuter programs by implementing measures and programs to reduce energy use, water use, and GHG emissions, and that support alternative modes of transportation and ride sharing.

The goals of the MSCP are to conserve biological resources in land use planning, which can be achieved, in part, by locating development outside of sensitive biological areas. The Town Center Specific Plan establishes guidelines for creating a people- and transit-oriented hub for commercial, civic and residential uses along the San Diego River. The San Diego River Park Master Plan provides guidance on how to restore the relationship between the river and surrounding communities making it an asset through environmental, social and cultural, and economic value added to a

community. Both the Gillespie Field and MCAS Miramar ALUCPs set guidelines related to land use compatibility, aircraft noise impacts, height protection, and airport safety to ensure land use compatibility.

The SSP does not propose any specific development. Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, including the General Plan and Specific Plans, as well as HCPs and ALUCPs, and additional CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Therefore, implementation of the SSP would not result in any conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project. Impacts would be less than significant.

Once the SSP is adopted, any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Therefore, implementation of the SSP would not result in any conflict with approved conservation plans.

Finally, The SSP explains the relationship of the General Plan with reduction targets. (See SSP, page 15 (explaining the relationship between the SSP horizon year and the General Plan horizon year), and page 24 (explaining existing local reductions found in the General Plan).) Further, Section 3.2 of the Draft PEIR analyzes the SSP's relationship with the Santee General Plan.

Page 15 of the SSP discusses a 2,000 dwelling unit buffer above the General Plan buildout to accommodate submitted and projected applications for General Plan Amendments. Accommodating this buffer allows the City to ensure that future development (for which applications are already submitted or anticipated in the near future) are accounted for in the City's emissions reductions efforts and policies. As shown in the SSP and the PEIR, even with this buffer, the City can meet its targets. Further, adding these units is more conservative than not incorporating a buffer, as the buffer's inclusion required additional GHG reductions. If the General Plan Amendments including the units accommodated by the buffer ultimately do not come to fruition, the City is committing to greater reductions than what would be required by the build-out to the existing General Plan only. Impacts would be less than significant.

L. MINERAL RESOURCES

1. Regional and Statewide Mineral Resources

Threshold: Would the Project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

Finding: Less than significant. (IS, p. 40.)

Explanation: Valuable sand, gravel and crushed rock resources, extremely important to the construction industry, are found in the City of Santee. There are two designated mineral resources zones (MRZ) in the City: MRZ-2 (areas where adequate information exists to indicate that significant mineral deposits are present or where it was judged that a high likelihood for their presence exists) and MRZ-3 (areas containing mineral deposits whose significance cannot be evaluated from available data). The areas designated in the MRZ-2 zone are primarily along the floodplain of the San Diego River and on hills underlain by granitic rocks. The remainder of the City is designated as MRZ-3.

Apart from mining operations, loss of the availability of mineral resources generally is due to the placement of incompatible land uses, which either directly or indirectly make the resource inaccessible for future extraction. The SSP would not propose improvements or changes to existing land use designations. Therefore, implementation of the SSP would not result in the significant loss of availability of a known mineral resource.

2. Locally-Important Mineral Resource

Threshold: Would the Project result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?

Finding: Less than significant. (IS, p. 40.)

Explanation: The SSP would not propose improvements or changes to existing land use designations. Therefore, implementation of the SSP would not result in the significant loss of a locally important mineral resource recovery site, and impacts would be less than significant.

M. NOISE

1. Noise Standards

Threshold: Would the Project result in the generation of a substantial temporary or permanent increase in ambient noise levels in the

vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?

Finding: Less than significant. (IS, pp. 41-42.)

Explanation: Implementation of the SSP would reduce VMT, thus reducing total vehicular noise in the City. The SSP implementation would not add vehicle trips. Implementation of the policies and programs of the SSP would augment existing City programs and policies with regard to transit-oriented development. Energy retrofits would likely reduce impacts from vehicular noise to occupants of the particular buildings, since increased insulation and double- or triple-paned windows also would act to buffer exterior noise levels. Installation activities for energy retrofits on existing residential and commercial buildings, or installation of renewable energy facilities such as photovoltaic arrays, may result in temporary increases in noise; however, it is anticipated that such activities would not require large construction equipment that would result in substantial noise. Additionally, each specific development project would undergo evaluation and noise study and mitigation measures if above normally acceptable levels defined in the General Plan prior to project approval for consistency with General Plan policies and standards.

Potential construction activities from implementation of the SSP would be energy retrofits on existing residential and commercial buildings, and installation of renewable energy facilities such as photovoltaic arrays. However, as discussed above, energy-efficiency retrofit or installation of photovoltaic arrays would not be substantial, and if these activities have the potential to exceed the City's noise thresholds, a noise study and appropriate measures would be required pursuant to the General Plan Noise Element objectives and policies to 1) control noise from sources adjacent to residential, institutional and other noise-sensitive receptors and 2) ensure that future developments will be constructed to minimize interior and exterior noise levels. Therefore, the impact would be less than significant

Further, implementation of the SSP would reduce VMT, thus reducing total vehicular noise in the City. The SSP implementation would not add vehicle trips. Implementation of the policies and programs of the SSP would augment existing City programs and policies with regard to transit-oriented development. Energy retrofits would likely reduce impacts from vehicular noise to occupants of the particular buildings, since increased insulation and double- or triple-paned windows also would act to buffer exterior noise levels. Any noise generated during construction activities would be

temporary. Thus, there would be no substantial permanent noise impacts from implementation of the SSP, and there would be less than significant noise impacts from implementation of the SSP.

2. Vibration

Threshold: Would the Project result in the exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

Finding: Less than significant. (IS, pp. 41-42.)

Explanation: Implementation of the SSP would not result in vibration-generating facilities. Construction vibration that could occur during energy-efficiency retrofit or installation of photovoltaic arrays would not be substantial, and if these activities were to occur on or near fragile buildings, all appropriate measures would *be* required pursuant to the General Plan Noise Element objectives and policies to 1) control noise from sources adjacent to residential, institutional and other noise-sensitive receptors and 2) ensure that future developments will be constructed to minimize interior and exterior noise levels. Renewable energy-generating structures such as solar arrays do not produce substantial vibration and would be located on rooftops of existing or new structures. If such facilities were to be proposed for fragile buildings or areas of sensitive receptors, appropriate mitigation or design revision would be required either through the City's design review or plan check process to ensure that the structures would not generate excessive ground borne vibration or noise during operation. Therefore, the impact would be less than significant.

3. Airport Noise

Threshold: For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

Finding: No impact. (IS, pp. 42-43.)

Explanation: The nearest airports to the City are Gillespie Field and MCAS Miramar, located to the south and west of the City. There are no private airports or airfields located within the City limits. Therefore, the proposed project would not expose people to excessive noise levels associated with a private airstrip. The SSP would not include strategies associated with airports, and would not result in a significant impact on future air traffic operations. Therefore, noise-

sensitive land uses would not be exposed to excessive noise levels from aviation noise as a result of the SSP. No impact would occur.

N. POPULATION AND HOUSING

1. Population Growth

Threshold: Would the Project induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure)?

Finding: No impact. (IS, pp. 43-44.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning; therefore, it would not change resident population or total jobs in the City.

Implementation of the SSP would not induce substantial population growth that could exceed local and regional growth projections either directly or indirectly. The SSP implementation would not result in an increased demand for housing and would not contain a housing component. Implementation of the SSP also would not displace substantial numbers of people or existing housing. Therefore, there would be no impact on population and housing.

2. Displacement of Housing

Threshold: Would the Project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere; and displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

Finding: No impact. (IS, pp. 43-44.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning; therefore, it would not change resident population or total jobs in the City.

Implementation of the SSP would not induce substantial population growth that could exceed local and regional growth projections either directly or indirectly. The SSP implementation would not result in an increased demand for housing and would not contain a housing component. Implementation of the SSP also would not displace substantial numbers of people or existing housing. Therefore, there would be no impact on population and housing.

O. PUBLIC SERVICES

1. Fire Protection

Threshold: Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for fire protection?

Finding: No impact. (IS, pp. 44-45.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning, so it would not change resident population or total jobs in the City. Demand for public services, including all the services above, is based on service population, which is a total of resident population and jobs. Thus, the nature of the project would not affect the demand for public services. Therefore, there would be no impact.

2. Police Protection

Threshold: Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for Sheriff Law Enforcement Services?

Finding: No impact. (IS, pp. 44-45.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning, so it would not change resident population or total jobs in the City. Demand for public services, including all the services above, is based on service population, which is a total of resident population and jobs. Thus, the nature of the project would not affect the demand for public services. Therefore, there would be no impact.

3. Schools

Threshold: Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which could cause

significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for schools?

Finding: No impact. (IS, pp. 44-45.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning, so it would not change resident population or total jobs in the City. Demand for public services, including all the services above, is based on service population, which is a total of resident population and jobs. Thus, the nature of the project would not affect the demand for public services. Therefore, there would be no impact.

4. Parks

Threshold: Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for parks?

Finding: No impact. (IS, pp. 44-45.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning, so it would not change resident population or total jobs in the City. Demand for public services, including all the services above, is based on service population, which is a total of resident population and jobs. Thus, the nature of the project would not affect the demand for public services. Therefore, there would be no impact.

5. Other Public Facilities

Threshold: Would the Project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for other public facilities?

Finding: No impact. (IS, pp. 44-45.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning, so it would not change

resident population or total jobs in the City. Demand for public services, including all the services above, is based on service population, which is a total of resident population and jobs. Thus, the nature of the project would not affect the demand for public services. Therefore, there would be no impact.

P. RECREATION

1. Increased Use

Threshold: Would the Project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

Finding: No impact. (IS, p. 45.)

Explanation: The SSP would not include any site specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning; therefore, it would not change resident population or total jobs in the City.

Implementation of the SSP would not increase resident population in the City. Demand for parks and recreational facilities is based on population. As there would be no population increase as a result of implementation of the SSP, there would be no need for the construction or expansion of recreational facilities that might have an adverse physical effect on the environment. No impact would occur.

2. Construction and Expansion

Threshold: Does the Project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?

Finding: No impact. (IS, p. 45.)

Explanation: No new recreational facilities or expansion of existing facilities are proposed as part of the SSP, nor would any be warranted or required for implementation of the SSP. Therefore, no impact would occur.

Q. TRANSPORTATION / TRAFFIC

1. Plans, Policies, and Ordinances

Threshold: Would the Project conflict with a program, plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?

Finding: No impact. (IS, pp. 46-47.)

Explanation: Implementation of the SSP measures and actions would encourage the use of transit service, add additional bicycle infrastructure (consistent with regional and local plans), and discourage single-occupancy vehicle use. Achieving each of these goals would result in a reduction in traffic loads, which would reduce the number of vehicle trips, volume to capacity ratio, and intersection congestion within the City. Furthermore, no proposed measure or action would directly increase traffic in relation to the existing traffic load and capacity of the system. Therefore, implementation of the SSP would have a beneficial impact on transportation in the City compared to current conditions. No impact would occur.

In addition, existing and planned bicycle facilities are identified in the City of Santee Bicycle Master Plan (KTU+A, 2009) the draft City of Santee Mobility Element (2017), and the 2050 Regional Transportation Plan (SANDAG, 2011). The SSP would be consistent with this Master Plan by encouraging the expansion of bicycle routes throughout the City and promoting the use and expansion of alternative transportation services. As the SSP would encourage alternative methods of transportation, such as public transit and bicycle facilities, it would be consistent with the intent of regional plans that seek to improve sub-regional and regional transportation. Therefore, implementation of the SSP would not decrease the performance or safety of any alternative transportation facility.

2. VMT

Threshold: Would the Project conflict or be inconsistent with CEQA Guidelines sections 15064.3, subdivision (b)?

Finding: No impact. (IS, pp. 46-47.)

Explanation: The project would not conflict with CEQA Guidelines section 15064.3(b) because the project encourages the use of alternative transportation modes, and discourages single occupancy vehicle use. Further, the City has not yet adopted VMT thresholds for the project to conflict with.

3. Design Hazards

Threshold: Would the Project substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?

Finding: No impact. (IS, p. 47.)

Explanation: The SSP would not include facilities that would substantially increase hazards, nor would it construct incompatible uses. Furthermore, any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. The City's zoning regulations, standard development conditions, and design guidelines address site and building design. Therefore, the SSP would not result in any substantial increase in hazards due to design features or incompatible uses. No impact would occur.

4. Emergency Access

Threshold: Would the Project result in inadequate emergency access?

Finding: Less than significant. (IS, p. 47.)

Explanation: The SSP would encourage more efficient land use and transit-oriented development, so it is possible that future projects or actions could require temporary road closures during their construction, which could adversely affect evacuation during an emergency event or emergency response. However, any closures would be short term and alternate routes would be provided as necessary. It is unlikely that these actions would significantly interfere with adopted emergency response or evacuation plans. Furthermore, all future proposed projects would be subject to further CEQA analysis of project-specific impacts. Therefore, this impact would be less than significant.

R. TRIBAL CULTURAL RESOURCES

1. Tribal Cultural Resources

Threshold: Would the Project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is: (i) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k); or (ii) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in Public Resources Code section 5024.1?

Finding: Less than significant. (IS, p. 49.)

Explanation: The SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning. Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Because implementation of the SSP does not propose any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning and because future development projects would be subject to independent environmental review, impacts to Traditional Cultural Resources (TCRs) that are listed or eligible for listing in the California Register of Historical Resources and local register of historic resources, as a result of implementation of the SSP would be less than significant.

Further, five historic sites have been recorded within the City, representing less than 10 percent of the total cultural resource inventory (City of Santee 2003). In addition, the City has one structure (Edgemoor Farm Dairy Barn) listed in the National Register of Historical Places and one registered Local Historic Landmark (James Love House). However, the SSP would not include any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning. Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Additionally, implementation of the SSP would not propose any site-specific designs or proposals, grant any entitlements for development, or propose to change existing land use designations or zoning and future development projects would be subject to independent environmental review. Therefore, impacts to TCRs that are listed or eligible for listing in the California Register of Historical Resources or local register of historic resources would be less than significant.

S. UTILITIES AND SERVICE SYSTEMS

1. Relocation and Construction of New Facilities

Threshold: Would the Project require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?

Finding: Less than significant. (IS, p. 51.)

Explanation: The SSP is a policy document that would not propose specific new development that would have the potential to increase population or result in the development of land uses that would increase demand for water supplies, water treatment, and wastewater treatment. In addition, one of the goals of the SSP would be to decrease water consumption, thereby reducing the demand for potable water supplies, generation of wastewater, and the need for new or expanded treatment and distribution infrastructure. Therefore, implementation of the SSP would not result in the construction or expansion of water or wastewater treatment facilities. This impact would be less than significant.

Further, the SSP is a policy document that does not propose specific new development that would have the potential to increase the amount of surface runoff. Therefore, there would be no need to provide new or expanded storm water drainage facilities. If it is determined later that projects that would require storm water drainage facilities are needed to implement the goals and actions of the SSP, then additional CEQA analysis would be conducted to determine the extent of possible impacts based on project-specific information. No other utility or infrastructure relocations would be required. Therefore, the implementation of the SSP would have a less than significant impact.

2. Water Supplies

Threshold: Would the Project have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?

Finding: Less than significant. (IS, p. 51.)

Explanation: Implementation of the SSP would not result in an increase in population. Thus, no new water supplies would be required. Furthermore, the SSP would promote water conservation, which would actually reduce the City's water demand. Therefore, implementation of the SSP would have a less than significant impact.

3. Wastewater Capacity

Threshold: Would the Project result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?

Finding: Less than significant. (IS, p. 51.)

Explanation: The SSP is a policy document that would not propose specific new development that would have the potential to increase population or result in the development of land uses that would increase demand for water supplies, water treatment, and wastewater treatment. In addition, one of the goals of the SSP would be to decrease water consumption, thereby reducing the demand for potable water supplies, generation of wastewater, and the need for new or expanded treatment and distribution infrastructure. Therefore, implementation of the SSP would not result in the construction or expansion of water or wastewater treatment facilities. This impact would be less than significant.

4. Solid Waste

Threshold: Would the Project generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?

Finding: Less than significant. (IS, p. 52.)

Explanation: Implementation of the SSP would not result in an increase in population. Thus, a significant increase in solid waste generation is not expected. In addition, the SSP would encourage recycling and promotes the reduction of solid waste generation. Therefore, implementation of the SSP would have a less than significant impact

5. Solid Waste Laws

Threshold: Will the Project comply with federal, state, and local statutes and regulations related to solid waste?

Finding: No impact. (IS, p. 52.)

Explanation: The SSP would not recommend any strategy or measure that does not comply with applicable solid waste regulations. No impact would occur.

T. WILDFIRE

1. Response Plans

Threshold: If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the Project substantially impair an adopted emergency response plan or emergency evacuation plan?

Finding: Less than significant. (Draft PEIR, p. 4.7-3.)

Explanation: The SSP is a policy document and which does not impair an adopted emergency response or emergency evacuation plan. Any future development projects that would implement the proposed project would be subject to all applicable City regulations, reviews, and requirements pertaining to emergency response, emergency access, and maintaining emergency evacuation routes. Impacts would be less than significant.

2. Pollutant Concentrations

Threshold: Due to slope, prevailing winds, and other factors, would the Project exacerbate wildfire risks, and thereby expose project occupants to, pollutant concentrations from a wildfire or the uncontrolled spread of wildfire?

Finding: Less than significant. (Draft PEIR, p. 4.7-3.)

Explanation: The SSP is a policy document that does not include any site specific designs or proposals and does not propose to grant any entitlements for development that would have the potential to expose occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire. Any future development projects that would implement SSP measures and actions would be subject to all applicable City regulations, reviews, and requirements pertaining to emergency response, emergency access, and maintaining emergency evacuation routes, as well as further CEQA analysis of project-specific impacts. Among the wildfire resistive measures available for new development using the SSP include: additional insulation requirements, credit for using recycled water, and reduced vehicle trips (reduced spark incidence). No specific aspects of the activities contemplated to implement the SSP will alter the slope, prevailing winds, or any other facts that would increase exposure to Santee residents, employees or visitors to increased pollutant concentrations from wildfire. Impacts would be less than significant. (Draft PEIR, p. 4.7-3.)

3. Infrastructure Risks

Threshold: Would the Project require the installation or maintenance of associated infrastructure (such a roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?

Finding: Less than significant. (Draft EIR, p. 4.15-33.)

Explanation: The SSP is a policy document that is designed to reduce GHG emissions. Measures 5.1 and 6.1 encourage the planting of trees to

reduce the Urban Heat Island effect. This effect is the increased temperatures and humidity caused by the pavement and building in already developed areas. Tree planting would be in the more developed areas of Santee and not necessarily in the Very High Fire Hazard Severity Zones located at the periphery of the City. Additionally, any new trees would be water efficient and drought resistive types and would not add to fuel capacity. Therefore, the impact of tree plantings envisioned by the project would have a less than significant effect.

4. Runoff Risks

Threshold: Would the project expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?

Finding: Less than significant. (Draft EIR, p. 4.15-33.)

Explanation: The SSP is a policy document that is designed to reduce GHG emissions. The project would not create a development that would expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes. The types of projects contemplated and encouraged by the SSP include building retrofits and the installation of solar panels, and these types of projects would not result in increased runoff, post-fire slope instability, or changes in drainage patterns. Further, all future development implanting the SSP would be subject to all existing building codes and development standards in place to control for runoff, instability, and drainage issues. Impacts would be less than significant.

SECTION III: IMPACTS THAT ARE LESS THAN SIGNIFICANT WITH MITIGATION INCORPORATED

The City Council hereby finds that Mitigation Measures have been identified in the PEIR and these Findings that will avoid or substantially lessen the following potentially significant environmental impacts to a less than significant level. The potentially significant impacts, and the Mitigation Measures that will reduce them to a less than significant level, are as follows:

A. AESTHETICS

1. Light and Glare

Threshold: Would the Project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

Finding: Less than significant with mitigation. (Draft PEIR, pp. 4.1-12 through - 14.)

Explanation: Implementation of the SSP could result in construction of energy-generating facilities such as solar panels and photovoltaic arrays that would primarily be installed on rooftops of new or existing buildings. These energy-generating structures would not generally include lighting and, therefore, there would be no increased sources of light as a result of implementation of the proposed project.

Glare results from sharply reflected light caused by sunlight or artificial light reflecting from highly finished surfaces such as window glass or brightly colored surfaces. The types of land uses that are typically sensitive to excess glare include homes, hospitals, senior housing, and other types of uses where excessive glare may disrupt sleep. In addition, glare may interfere with the vision of drivers and as discussed in Section 4.5, Hazards and Hazardous Materials, create aviation hazards by interfering with the vision of pilots.

Implementation of the SSP could result in energy-generating rooftop structures such as solar panels and photovoltaic arrays, which could introduce substantial new sources of glare. Rooftop solar panels or photovoltaic arrays, to be effective, must be oriented to maximize solar radiation absorption. If these structures were to be constructed adjacent to residential uses or sensitive receptors, the impact from increased glare would be potentially significant. However, solar panels and photovoltaic arrays are designed to maximize sunlight absorption and are generally constructed of dark, light-absorbing materials and are composed of a minimum of reflective surfaces. Modern photo-voltaic systems reflect as little as 2% of incoming sunlight, about the same as water, and less than soil or wood shingles. Therefore, it is not anticipated that solar panels or photovoltaic arrays would result in an increased amount of glare even if they were oriented in such a way as to face sensitive receptors or drivers/pilots.

General Plan policies related to improving visual appearance and neighborhood identity are contained in the Community Enhancement Element. Although none of these policies specifically addresses light and glare effects, and it is unknown at this time where or how many such structures would be constructed under the SSP. Each discretionary project pursuant to the SSP would be required to undergo individual design and environmental review to

develop appropriate mitigation measures particular to each project site. In addition, the following mitigation measure shall be implemented for all discretionary projects under the SSP to reduce glare impacts.

With implementation of **MM 4.1-1**, impacts of glare from implementation of the proposed project would be reduced to less than significant by ensuring that energy-generating structures do not pose a safety risk to drivers, adversely affect sensitive receptors, or result in aviation hazards.

MM 4.1-1 ***All proposed energy-generating structures shall be constructed utilizing non-reflective materials to the maximum extent feasible. If a reflective material is used, appropriate shielding shall be placed or the structure relocated to reduce the amount of visible glare. The City shall review all discretionary projects prior to issuance of building permits to ensure that appropriate shielding and placement of such structures are included in design plans.***

Implementation of MM 4.1-1 will ensure impacts from glare are mitigated to a less than significant level. There would be no significant unavoidable adverse impacts of the proposed project related to aesthetics. (Draft PEIR, p. 4.1-14.)

B. HAZARDOUS AND HAZARDOUS MATERIALS

1. Public Airports

Threshold: For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?

Finding: Less than significant with mitigation. (Draft PEIR, p. 4.5-19 and -20.)

Explanation: Implementation of the SSP would reduce VMT, thus reducing total vehicular noise in the City. The SSP implementation would not add vehicle trips. Implementation of the policies and programs of the SSP would augment existing City programs and policies with regard to transit-oriented development. Energy retrofits would likely reduce impacts from vehicular noise to occupants of the particular buildings, since increased insulation and double- or triple-paned windows also would act to buffer exterior noise levels. Installation activities for energy retrofits on existing residential and commercial buildings, or installation of renewable energy facilities such as photovoltaic arrays, may result in temporary increases in noise;

however, it is anticipated that such activities would not require large construction equipment that would result in substantial noise. Additionally, each specific development project would undergo evaluation and noise study and mitigation measures if above normally acceptable levels defined in the General Plan prior to project approval for consistency with General Plan policies and standards. There would be less than significant noise impacts from implementation of the SSP.

Implementation of the SSP could result in construction of energy-generating facilities such as solar panels and photovoltaic arrays that would primarily be installed on rooftops of new or existing buildings. These energy-generating rooftop structures could introduce substantial new sources of glare and could also increase overall height of buildings.

The Gillespie Field Airport is located along the City's southern border and MCAS Miramar Airport is located along the City's western border. Both AIA boundaries extend into the City of Santee. The San Diego County Regional Airport Authority has adopted an ALUCP for each airport that implements the FAA FAR Part 77. The FAA Height Notification Boundary extends 20,000 feet from the nearest point of any runway. Part 77, Subpart B requires FAA notification (through submittal of the FAA Form 7460 1) for structures within the boundary that exceed a slope of 100:1 (100 feet in distance from the runway to 1 foot in height). Outside of the boundary, applicants who intend to perform any construction or alterations that exceed 200 feet in height above ground level must also notify the FAA (through submittal of the FAA Form 7460 1).

The ALUCPs also discuss AIAs, which are divided into two review areas: Review Area 1 and Review Area 2. Review Area 1 consists of locations where noise and safety concerns may necessitate limitations on the types of land uses actions. Specifically, Review Area 1 encompasses locations exposed to aircraft noise levels of 60 dB CNEL or greater together within all of the safety zones. The safety zones are established for the purpose of evaluating the safety compatibility of land use development. The ALUCP identifies land use types as incompatible, conditional, or compatible, and establishes criteria applicable to each zone. Within Review Area 1, all land use actions are subject to San Diego County Regional Airport Authority review to the extent required by law. Review Area 2 consists of locations beyond Review Area 1 but within the airspace and/or overflight notification areas. Limits on the heights of structures, particularly in areas of high terrain, are the only restrictions on land uses within Review Area 2. Therefore, since review procedures in regard to height are in place, implementation of the proposed project would not increase safety hazards for

people residing or working in the project area.

Implementation of the proposed project could pose an aviation safety hazard from the glare and increases in height that could result from the energy-generating rooftop structures such as solar panels and photovoltaic arrays. However, as described above, the ALUCPs include review procedures and restrictions for projects located within AIAs. If any project under the SSP is determined to present a safety hazard from increased glare or height, appropriate mitigation measures would be required on a project level to reduce or avoid the safety hazard to the satisfaction of the San Diego County Regional Airport Authority. Additionally, as described in Section 4.1, Aesthetics, MM 4.1-1 shall be implemented for all discretionary projects under the SSP to reduce glare impacts.

In addition to adherence to all local, regional, State, and federal regulations and compliance with the guidelines of the ALUCPs, with implementation of **MM 4.1-1**, impacts of glare from implementation of the proposed project would be reduced to less than significant by ensuring that energy-generating structures do not result in safety hazard for people residing or working in the project area. (Draft PEIR, pp. 4.5-19 and -20.)

2. Wildland Fires

Threshold: Would the Project expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

Finding: Less than significant with mitigation. (Draft PEIR, p. 4.5-20 and -21.)

Explanation: According to Cal Fire, the northern and southwestern portions of the City are designated as Very High Fire Hazard Severity Zones located in the local responsibility areas for the City of Santee. The northern and southwestern portions of the City are along the wildland urban interface (WUI), where structures are built in close proximity to wildland areas. Approximately 89 residential structures with a population of 222 residents, 3 commercial structures, and 1 fire station are within the Very High Fire Hazard Severity Zones.

Chapter 4 of the SSP evaluated climate change risks, predicting an increase of wildland fires in the WUI, and recommended adaptation strategies that if implemented would mitigate the future increased risks due to wildland fires within the City of Santee. The adaptation strategies related to wildland fires are found in Chapter 4 of the SSP under the titles "Public Health and Safety," and "Wildfire." The

adaptation strategies include the following actions that the City should take in addressing wildland fires:

- Map neighborhoods that could be more vulnerable to the effects of climate change including fire to identify high risk areas of the City.
- Educate the public on the importance of fire safety.
- Create buffer zones between vegetation and structures and infrastructure through the use of fire fuel load modifications.
- Identify fire-prone habitats, evaluate and plan for the increased risk of larger and more frequent wildfires.

The City has committed to updating the Safety Element of the General Plan within the next two years which presents an opportunity to include policies within the Safety Element Update aimed at implementing the recommendations in the SSP related to the adaptation strategies addressing the increased wildland fire risks.

Implementation of the SSP would reduce the risks of wildland fires within the City. Therefore, this impact is less than significant, however, to ensure the Safety Element of the General Plan is updated to include adaptation strategies addressing the increased wildland fire risks, **Mitigation Measure 4.5-1** is provided.

MM 4.5-1 ***Within two years of adoption of the Sustainable Santee Plan, the City of Santee shall update the Safety Element of the General Plan and include policies that will implement the climate change adaptation strategies found in Chapter 4 of the SSP.***

MM 4.5-1 would ensure that the adaptation strategies within the SSP are implemented, which will further reduce hazards. (Draft PEIR, p. 4.5-21.)

SECTION IV: CUMULATIVE IMPACTS

Regarding the Project's potential to result in cumulative impacts, the City hereby finds as follows:

A. AESTHETICS

The geographic context for this cumulative analysis is the City and the view from beyond the City. Due to the City's location where certain areas are bounded by hills, the affected area is not highly visible from surrounding areas nor would the SSP have an influence on surrounding areas. Since the SSP covers the entire City, cumulative impacts would be same as the impacts identified above for the proposed project. All

future development would be required to comply with proposed policies that regulate the design of new buildings as well as protect the existing visual quality of the City. All development or redevelopment projects would also undergo further environmental and development review on a project-by-project basis to ensure that the visual quality of the surrounding environment is not substantially compromised. Therefore, on a cumulative level, implementation of the proposed project would not substantially degrade the visual quality or character of the City, and the cumulative impact would be less than significant.

Impacts from light and glare are generally localized and site-specific; therefore, the context for an analysis of cumulative impacts from light and glare would be geographically limited to the City. Cumulative development in this geographic area has resulted in moderate to high levels of ambient light and glare typical of urban areas in the more developed areas, and lower levels of light and glare near City boundaries. Future development in this geographic context would further increase sources of light and glare, which could be potentially significant if future projects introduce light and glare into areas of the City that have lower levels of ambient lighting. The proposed project would not result in new sources of substantial light, since future energy-generating structures would generally not be lighted. Therefore, the proposed project would not make a cumulatively considerable contribution to any cumulative light impact. The proposed project could result in localized increases sources of glare. However, implementation of project-level mitigation measures and MM 4.1-1 would reduce any localized glare impact to less than significant and the project would not make a cumulatively considerable contribution to any cumulative glare impact. The cumulative impacts would be less than significant. (Draft PEIR, p. 4.1-14.)

B. AGRICULTURE AND FORESTRY RESOURCES

The project would have no impact on agriculture and forestry resources, as neither resource is located within the City. No cumulative impact would occur. (IS, p. 17.)

C. AIR QUALITY

The analysis of air quality is cumulative in nature and no separate analysis is required. Therefore, because direct Project air quality impact are less than significant, cumulative air quality impacts are less than significant as well. (Draft PEIR, p. 4.2-18.)

D. BIOLOGICAL RESOURCES

The geographic context for this cumulative analysis is the City of Santee, which assumes implementation of the existing and future HCPs located within the City's limits. All development in this geographic context is required to be consistent with the applicable HCPs, and any inconsistencies with the HCPs must be identified as impacts in the environmental analysis.

All future development would be required to comply with the Subarea Plan once it is adopted as well as all applicable City regulations and requirements. Additionally, all

development or redevelopment projects would also undergo further environmental and development review on a project-by-project basis to ensure that the surrounding environment is not substantially compromised. Therefore, on a cumulative level, implementation of the proposed project would not conflict with the provisions of an adopted HCP, NCCP, or other approved local, regional, or State HCP. Therefore, the cumulative impact would be less than significant. (Draft PEIR, p. 4.3-5.)

E. CULTURAL RESOURCES

Implementation of the SSP would include energy-efficiency retrofit activities, which could be proposed at the site of a historical resource or at the site of a resource considered to be a potential historical resource. However, potential impacts to historic resources as a result of implementation of the SSP would be less than significant, and no significant cumulative impact to cultural resources would occur. (IS, pp. 24-25.)

F. ENERGY

No cumulative impact relating to energy would occur. The project ("SSP") is designed to reduce energy use along with reducing GHG emissions. The SSP is a local plan designed to enhance State energy efficiency plans. The SSP would result in projects that maximize energy efficiency measures in order to achieve GHG reduction targets. (Draft PEIR, Goals 1-6, Table 3.7, Page 3-10)

G. GEOLOGY AND SOILS

No cumulative impact relating to geology and soils would occur. Any future development projects that would implement SSP measures, as well as any cumulative projects, would be subject to the Uniform Building Code (UBC) and the California Building Code (CBC); therefore, the design and construction of the structures would be engineered to withstand the expected ground acceleration that may occur in the City from regional active faults. Proper engineering and adherence to the UBC and CBC guidelines would minimize the risk to life and property from potential ground motion. Therefore, cumulative impacts would be less than significant. (IS, pp. 25-28.)

H. GREENHOUSE GAS EMISSIONS

The analysis of GHG emissions is cumulative in nature, and no separate analysis is required. The project's direct impacts are less than significant; therefore cumulative impacts relating to greenhouse gas emissions are also less than significant. (Draft PEIR, p. 4.4-26.)

I. HAZARDOUS AND HAZARDOUS MATERIALS

Future development in the City of Santee could be located within the AIAs of Gillespie Field and MCAS Miramar. Development pursuant to the SSP and any other related projects within the AIAs would be required to submit Form 7460-1 if buildings or appurtenant structures exceed 200 feet in height and/or exceed the 100:1 slope (100 feet in distance to 1 foot in height). In addition, each project pursuant to the SSP and future projects, whether within the AIA area or not, would be required to undergo

individual design and environmental review to develop appropriate mitigation measures particular to each project site to reduce glare. The San Diego County Regional Airport Authority would review all projects proposed within the AIAs. Adherence to all local, State, and federal regulations would ensure that the proposed project and other related projects do not result in a significant public aviation hazard. Additionally, MM 4.1-1 shall be implemented for all discretionary projects under the SSP to reduce glare impacts. Finally, MM 4.5-1 ensures implementation of the SSP adaptation strategies further reducing hazards related to climate change risk. Therefore, with implementation of MM 4.1-1 and MM 4.5-1, the contribution of the proposed project and other area projects to aviation safety hazards would not be cumulatively considerable and would therefore be less than significant. (Draft PEIR, p. 4.5-22.)

J. HYDROLOGY AND WATER QUALITY

Development of projects in the City that implement the SSP strategies, as well as all cumulative projects, would be subject to General Plan Conservation Element Policies 9.1 through 9.5, which aim to identify and eliminate urban runoff problems before development is approved and require new construction to utilize best management practices (BMPs) to reduce pollutants in urban runoff and storm water discharge. Therefore, no cumulatively considerable impact would occur. (IS, pp. 35-38.)

K. LAND USE AND PLANNING

The geographic context for land use impacts with respect to consistency with applicable land use plans is the City of Santee, which assumes full buildout of the City's General Plan, potential amendments to the General Plan, in the amount of 2,000 dwelling units, and implementation of the HCPs and ALUCPs located within in the City's limits.

While the City of Santee is part of the larger SANDAG region, compliance with SANDAG policies is voluntary, and individual municipalities are not required, although they aim to, conform to SANDAG policies. In addition, land use decisions are subject to the jurisdiction of the San Diego Air Pollution Control District, which implements the air quality regulations for the region. All development in this geographic context is required to be consistent with the applicable General Plan, and any inconsistencies with the HCPs, ALUCPs and air quality regulations must be identified as impacts in the environmental analysis.

It is anticipated that development in general will be reviewed for consistency with adopted land use plans and policies by the City of Santee, in accordance with the requirements of CEQA, the State Zoning and Planning Law, and the State Subdivision Map Act, all of which require findings of plan and policy consistency prior to approval of entitlements for development. This SSP relates to GHG emission reductions and comprehensively evaluates GHG emissions stemming from land use decision and would track development to ensure consistency with the plan. The cumulative impacts of the SSP on future development and land uses would not be significant.

Because the SSP is consistent with the policies of the City of Santee General Plan, the cumulative impact of the SSP with respect to consistency with land use plans would be less than significant. (Draft PEIR, p. 4.6-21.)

L. MINERAL RESOURCES

The project would not result in the loss of availability of any known mineral resources. Therefore no cumulative impact would occur. (IS, p. 40.)

M. NOISE

The project has the potential to reduce, not increase, ambient noise levels from traffic, and other project-related noise will be controlled by compliance with the City's General Plan Noise Element objectives and policies, which will also apply to cumulative projects. Therefore, no cumulative impact would occur. (IS, pp. 41-43.)

N. POPULATION AND HOUSING

The project will have no impact on population ground and related development. Therefore, no cumulative impact will occur. (IS, pp. 43-44.)

O. PUBLIC SERVICES

The project will have no impact on public facilities given that it will not change residential population or total jobs in the City. Therefore, no cumulative impact will occur. (IS, pp. 44-45.)

P. RECREATION

The project will have no impact on recreational facilities given that it will not change residential population or total jobs in the City, and therefore will not change demand or use of existing or planned recreational facilities. Therefore, no cumulative impact will occur. (IS, p. 45.)

Q. TRANSPORTATION

The project will encourage alternative transportation use and will not decrease the performance or safety of any transportation system. Therefore, no cumulative impact will occur. (IS, pp. 45-47.)

R. TRIBAL CULTURAL RESOURCES

Any future development projects that would implement SSP measures and actions, as well as all cumulative projects, would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. No cumulative impact will occur. (IS, p. 49.)

S. UTILITIES AND SERVICE SYSTEMS

Any future development projects that would implement SSP measures and actions, as well as all cumulative projects, would be subject to all applicable City regulations and requirements, as well as subject to further CEQA analysis of project-specific impacts, which would occur with or without implementation of the SSP. Further, one of the goals of the SSP would be to decrease water consumption, thereby reducing the demand for potable water supplies, generation of wastewater, and the need for new or expanded treatment and distribution infrastructure. No cumulative impact will occur. (IS, p. 51.)

T. WILDFIRE

New development would be required to achieve energy efficiencies and existing development would achieve greater energy efficiencies are among the benefits of the proposed project. The cumulative effective of the SSP is reduced GHG emission as compared to the City without the proposed project. No cumulative impact would occur relating to wildfire risk.

SECTION V: FINDINGS REGARDING SIGNIFICANT IRREVERSIBLE ENVIRONMENTAL CHANGES

Sections 15126(c) and 15126.2(c) of the CEQA Guidelines, require that an EIR address any significant irreversible environmental changes that would occur should the project be implemented. Generally, a project would result in significant irreversible environmental changes if any of the following would occur:

- The project would involve a large commitment of non-renewable resources;
- The primary and secondary impacts of the project would generally commit future generations to similar uses;
- The project involves uses in which irreversible damage could result from any potential environmental accidents; or
- The proposed consumption of resources is not justified.

The proposed project does not propose new development; the SSP facilitates construction of energy-generating facilities and energy retrofits on existing structures that would entail a small commitment of energy, human resources, and building materials. This commitment of energy, personnel, and building materials would be commensurate with that of other projects of similar magnitude, and none of these commodities is in short supply.

Maintenance of new energy-generating facilities would entail a further commitment of energy resources in the form of natural gas, electricity, and water resources. However, this commitment would be minimal, consisting of routine maintenance of solar panels. The SSP does not propose any development that would otherwise entail commitment of

energy resources. In fact, the proposed project would result in a long-term reduction in energy demand and reduction of greenhouse gas emissions and other air pollutants, a beneficial impact.

SECTION VI: GROWTH INDUCING IMPACTS

Section 15126.2(d) of the State CEQA Guidelines requires a Draft EIR to discuss the ways the Project could foster economic or population growth or the construction of additional housing, directly or indirectly, in the surrounding environment. In accordance with State CEQA Guidelines Section 15126.2(d), a Project would be considered to have a growth-inducing effect if it would:

- Directly or indirectly foster economic or population growth, or the construction of additional housing in the surrounding environment;
- Remove obstacles to population growth (e.g., construction of an infrastructure expansion to allow for more construction in service areas);
- Tax existing community service facilities, requiring the construction of new facilities that could cause significant environmental effects; or
- Encourage and facilitate other activities that could significantly affect the environment, either individually or cumulatively.

In addition, CEQA Guidelines state that growth inducement must not be assumed.

Climate Action Plans are not, by their nature, growth inducing. The SSP provides a framework for reducing greenhouse gas emissions from existing and future development that has previously been planned for in the City's General Plan.

The SSP does not propose development; therefore, it would not induce growth. The SSP's goals promote non-motorized transportation options so as to decrease dependency on the automobile, encourage alternative transportation modes, reduce energy consumption, and promote sustainability. Additionally, the SSP promotes retrofits to existing development and installation of new energy-generating structures; it does not include the construction of new infrastructure that would promote growth in inappropriate locations. Thus, the necessary infrastructure that normally triggers growth when introduced is already in place within the City with respect to the proposed project.

A project's growth-inducing potential does not automatically result in growth, whether it is a portion of growth or actually exceeds projected levels of growth. Growth at the local level is fundamentally controlled by the land use policies of local municipalities or counties, which are determined by the local politics in each jurisdiction.

Retrofits to existing development or construction of new energy-generating structures could require expansion of and/or upgrades to sewer, water, electrical, and gas lines in the City. However, these projects would be required to analyze needed facility extensions on a project level.

Overall, implementation of the SSP would provide a small number of temporary construction jobs to retrofit existing development, construct new energy-generating structures, and expand non-motorized transportation infrastructure. However, this employment would be considered on a project-by-project basis.

Approval of the proposed project would not set a precedent that could encourage and facilitate other activities that could significantly affect the environment. In fact, the proposed project would result in a long-term reduction in energy demand and reduction of greenhouse gas emissions and other air pollutants, a beneficial impact.

SECTION VII: ALTERNATIVES

A. BACKGROUND

The evaluation of environmental impacts in the DEIR concluded that the proposed Project would not result in temporary or permanent significant and unavoidable effects for any of the environmental issue areas identified in Appendix G of the State CEQA Guidelines. However, a range of feasible alternatives to the proposed Project was developed to provide additional information and flexibility to the decision-makers when considering the proposed Project.

Where significant impacts are identified, section 15126.6 of the State CEQA Guidelines requires EIRs to consider and discuss alternatives to the proposed actions. Subsection (a) states:

> (a) An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives. An EIR need not consider every conceivable alternative to a project. Rather it must consider a reasonable range of potentially feasible alternatives that will foster informed decision-making and public participation. An EIR is not required to consider alternatives which are infeasible. The lead agency is responsible for selecting a range of project alternatives for examination and must publicly disclose its reasoning for selecting those alternatives. There is no ironclad rule governing the nature or scope of the alternatives to be discussed other than the rule of reason.

Subsection 15126.6(b) states the purpose of the alternatives analysis:

> (b) Because an EIR must identify ways to mitigate or avoid the significant effects that a project may have on the environment (Public Resources Code Section 21002.1), the discussion of alternatives shall focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects

of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly.

In subsection 15126.6(c), the State CEQA Guidelines describe the selection process for a range of reasonable alternatives:

> (c) The range of potential alternatives to the proposed project shall include those that could feasibly accomplish most of the basic objectives of the Project and could avoid or substantially lessen one or more of the significant effects. The EIR should briefly describe the rationale for selecting the alternatives to be discussed. The EIR should also identify any alternatives that were considered by the lead agency but were rejected as infeasible during the scoping process and briefly explain the reasons underlying the lead agency's determination. Additional information explaining the choice of alternatives may be included in the administrative record. Among the factors that may be used to eliminate alternatives from detailed consideration in an EIR are: (i) failure to meet most of the basic project objectives, (ii) infeasibility, or (iii) inability to avoid significant environmental impacts.

The range of alternatives required is governed by a "rule of reason" that requires the EIR to set forth only those alternatives necessary to permit a reasoned choice. The EIR shall include sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison with the proposed Project. Alternatives are limited to ones that would avoid or substantially lessen any of the significant effects of the Project. Of those alternatives, the EIR need examine in detail only the ones that the lead agency determines could feasibly attain most of the basic objectives of the Project.

However, when a project would not result in any significant and unavoidable impacts, the lead agency has no obligation to consider the feasibility of alternatives to lessen or avoid environmental impacts, even if the alternative would reduce the impact to a greater degree than the proposed Project. (Pub. Res. Code § 21002; *Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; *Laurel Heights Improvement Assn. v. Regents of the University of California* (1988) 47 Cal.3d 376, 400-403.)

B. PROJECT OBJECTIVES

The following objectives have been established for the Project (Draft PEIR, p. 5-2):

1. Present the City's plan for achieving sustainability by utilizing resources effectively, reducing GHG emissions, and preparing for potential climate-related impacts.

2. Identify how the City will effectively implement this proposed project by obtaining funding for program implementation, and tracking and monitoring the progress of Sustainable Santee Plan implementation over time.

3. Allow streamlined CEQA compliance for new development by preparing a PEIR for the Sustainable Santee Plan and developing screening tools that provide clear guidance to developers and other project proponents.

4. Maintain economic competitiveness within the region.

C. SIGNIFICANT AND UNAVOIDABLE IMPACTS

The Draft PEIR did not identify any significant and unavoidable impacts resulting from the project. After the incorporation of all feasible mitigation measures, all project impacts are reduced to a level of less than significant.

D. ALTERNATIVES SELECTED FOR ANALYSIS

The alternatives selected for further detailed review within the PEIR focus on alternatives that could the Project's significant environmental impacts, while still meeting most of the basic Project objectives. Those alternatives include:

1. No Project/Buildout of Existing Circulation Element

Description: The SSP will be used together with the City's General Plan to guide sustainable development into the future. Therefore, this alternative analyzes the environmental effects that could occur if the SSP were not implemented and development proceeded under the existing General Plan. Only those issue areas that are discussed in the EIR technical sections are analyzed below.

While the General Plan includes several policies related to resource conservation, it lacks the specificity of program development contained in the SSP. Under the No Project Alternative, strategies and actions that implement those policies would not be implemented. Measures that would result in the creation of a Bicycle Master Plan (Measure 7.2) and traffic signal and outdoor lighting retrofits (Measure M-3.1) would not be implemented. Other actions that would increase building energy efficiency and water use efficiency would not be implemented, and efforts to reduce waste would be less intensive and less coordinated. Overall, the No Project Alternative would result in fewer actions and measures to reduce GHG emissions and less coordinated and presumably less

effective implementation of the General Plan's goals and policies to address climate change.

Without the SSP, it is uncertain whether the City would achieve its GHG reduction targets of 15 percent below 2005 levels by year 2020 and 49 percent below 2005 levels by the year 2035. Under the No Project Alternative, emissions reductions would occur with implementation of legislation adopted at the State level; however, there would likely be a gap in emissions reduction potential, which the SSP is intended to fulfill. (Draft PEIR, p. 5-3.)

Impacts: As with the proposed project, Alternative 1: No Project Alternative would result in less than significant impacts to aesthetics, air quality, biology, hazards, and land use and planning. Impacts relating to the greenhouse gas emissions would likely be potentially significant for Alternative 1, as opposed to less than significant as for the proposed project. (Draft PEIR, p. 5-4 and -5.)

Project Objectives: Without adoption and implementation of the SSP, there would be no plan that lays out measures and actions for achieving sustainability by utilizing resources effectively and reducing GHG emissions, or strategies for preparing for potential climate-related impacts. Additionally, there would be no plan laying out implementation steps to support achievement of the energy efficiency and GHG reduction goals. There would also be no policy document to be referred to during the planning process for future development projects. The list of specific actions to reduce GHG emissions would not be available. Furthermore, there would be no plan from which future developments could streamline CEQA compliance. Lack of a plan to meet the State's GHG gas reduction goals may make Santee less economically competitive as business owners and residents increasingly prefer locations and homes that require less electricity and energy uses (and as a result, are less expensive to supply with electricity and energy) and that have less impact on the environment. Therefore, this alternative would not meet any of the objectives of the proposed project.

Finding: The City Council rejects Alternative 1: No Project, on the following grounds, each of which individually provides sufficient justification for rejection of this alternative: (1) the alternative fails to meet any of the Project objectives; (2) the alternative fails to reduce any project impacts; and (3) the alternative would result in greater impacts associated with greenhouse gas emissions than the proposed project.

2. Accelerated Reduction Program Alternative

Description:

Alternative 2 would include more aggressive GHG Reduction goals that match the State's 2050 goal to be implemented by 2030. The 2050 goal as described in Executive Order S-3-05 is to get statewide emissions 80 percent below 1990 levels by 2050. In addition to these GHG emission reductions, Executive Order B-55-18 has established a new statewide goal of carbon neutrality as soon as possible and no later than 2045. Carbon neutrality refers to achieving net zero carbon emissions by balancing a measured amount of carbon emissions with an equal amount that is sequestered or offset. These are two separate but related targets.

Statewide emissions include intra-state aviation, water-borne transportation, and some unique industrial processes that will require continued GHG emissions. To achieve Carbon Neutrality and to achieve a reduction of GHG emission to 80% below 1990 levels, other State-wide carbon emission sectors would have to achieve zero carbon emissions and buy carbon sequestration credits.

To implement the goals of Carbon Neutrality and a 80% reduction in GHG emissions at the City level actions would include 1) adoption of zero net energy standards for all new construction earlier than planned; 2) retrofitting many existing building with energy savings measures; 3) be a member of a Community Choice Aggregation program, Investor Owned Utility or other energy provider that achieves 100% renewable energy.

Alternative 2 would require the GHG reductions in a shorter time frame. This Alternative would not benefit from technological and regulatory changes that would over a longer time frame. Therefore, the required reductions would involve more local effort. For example everyone living in, working in, and visiting the City could have to own and travel in an electric vehicle or find alternative transportation such as walking or biking. This could also apply to the bus system and heavy-duty trucks that transport goods to and from the City. Since on-road transportation accounts for 60% of all GHG emissions in the City, combustion engines would be banned (e.g., portable generators, lawn mowers, scooters, motorcycles, cars, and trucks) within the City unless carbon credits could offset these emissions.

Alternative 2 would also require that wastewater treatment be contained in covered tertiary treatment with methane capture systems. Methane is a GHG. To achieve GHG or Carbon Neutrality, the water treatment plant would have to be covered to capture these gases or credits purchased to mitigate such

emissions. Additionally, all electricity would need to be generated by solar photo-voltaic ("PV") or other zero-emission renewable sources. This would require advanced energy storage systems to provide electricity 24 hours, seven days a week regardless of renewable generation, at any given time. Some of this advanced energy storage capacity is just coming online and may not be economically feasible to be placed near every PV system by 2030. (Draft PEIR, p. 5-6.)

Impacts: As with the proposed project, Alternative 2 would result in less than significant impacts to air quality, biology, greenhouse gas emissions, hazards, and land use and planning. However, Alternative may result in greater aesthetics impacts than the proposed project. This is because implementation of Alternative 2 would likely result in more energy-generating systems on rooftops, as well as larger renewable energy projects that would likely affect the visual character of the surrounding community. Thus, the impact from future development under Alternative 2 would be significant. Similar to the proposed project, implementation of Alternative 2 could require mitigation measures to reduce the impacts of glare of smaller renewable energy-generating systems. Unlike the proposed project, this impact would be potentially significant and unavoidable under Alternative 2. (Draft PEIR, p. 5-7

Project Objectives: While Alternative 2 would reduce GHG emissions at a quicker pace, it would not meet two objectives of the project. Objective #2 seeks to identify how the City will effectively implement the SSP by obtaining funding for program implementation and tracking and monitoring the progress of Plan implementation over time. The Alternative to accelerate GHG reductions might outpace funding sources such as grants which are designed and timed to achieve State mandates. Many State grant programs are tied to specific and timed achievement of State objectives. If Santee is ahead of this schedule, certain measures would not be eligible for available grants and would require the use of general Funds. This would put strain on the City's ability to fund such a program.

Alternative 2 requires that an energy provider achieve 100% renewable energy by 2030. Current renewable energy rates for the existing CCAs are averaging between 70% and 80% (Lean Energy US, 2019). It might be infeasible of achieving 100% renewable energy sourcing by 2030 as the growing number of CCAs may outstrip clean energy production. In addition, many long term contracts with non-renewable sources may remain in place for extended periods of time.

Alternative 2 would also require GHG emission reductions at an accelerated pace than surrounding jurisdictions. Depending on the

GHG reduction strategy, additional costs to the City and/or homeowner or business owner could be expected. In the short term, the costs of these GHG reduction strategies could place the City, homeowner, or business owner at an economic disadvantage when compared to surrounding jurisdictions. Homeowners and businesses which are cost-sensitive may choose other cities when deciding where to locate due to the cost of implementing GHG reduction measures. In addition certain measures (1.3) may only be triggered when properties are sold and it would be difficult to review all of the older residences by the year 2030. And lastly, Alternative 2 would result in significant and unavoidable aesthetic impacts due to larger renewable energy projects and other measures required to meet the more aggressive time line.

Alternative 2's target year of 2030 does not provide sufficient time for these improvements to occur. Therefore, Alternative 2 would not meet the objectives of the proposed project.

Finding: The City Council rejects Alternative 2: Accelerated Reduction Program Alternative, on the following grounds, each of which individually provides sufficient justification for rejection of this alternative: (1) the alternative fails to meet the Project objectives to the same extent as the project; (2) the alternative fails to avoid or reduce any potentially significant impacts of the proposed project; and (3) the alternative would result in increased impacts relating to aesthetics.

E. ENVIRONMENTALLY SUPERIOR ALTERNATIVE

Neither Alternative 1 nor Alternative 2 are environmentally superior to the proposed project on the basis of the minimization or avoidance of physical environmental impacts. With respect to GHG emissions, Alternative 1: No Project Alternative would have potentially greater and possibly significant impacts. With respect to Aesthetics, Alternative 2: Accelerated Reduction Program Alternative would have potentially significant impacts. Therefore, the proposed project would be the preferred, Environmentally Superior Alternative. (Draft PEIR, p. 5-10.)

CEQA does not require the City to choose the environmentally superior alternative. Instead CEQA requires the City to consider environmentally superior alternatives, explain the considerations that led it to conclude that those alternatives were infeasible from a policy standpoint, weigh those considerations against the environmental impacts of the proposed Project, and make findings that the benefits of those considerations outweighed the harm. However, because the Project would not result in any significant and unavoidable impacts, the City is under no obligation to consider or adopt any alternative to the Project, even if that alternative would reduce the already less than significant impacts further and/or would achieve all of the Project objectives, and the information contained herein is for informational purposes only. (Pub. Res. Code § 21002.)

EXHIBIT C
MITIGATION MONITORING AND REPORTING PROGRAM

Introduction

The California Public Resources Code, Section 21081.6, requires that a lead or responsible agency adopt a mitigation monitoring plan when approving or carrying out a project when an Environmental Impact Report (EIR) identifies measures to reduce potential adverse environmental impacts. As lead agency for the project, the City of Santee (City) is responsible for adoption and implementation of the Mitigation Monitoring and Reporting Program (MMRP).

The City has prepared an PEIR in conformance with Sections 15080 through 15097of the State Guidelines for the Implementation of the California Environmental Quality Act. The purpose of the EIR is to identify any potentially significant impacts associated with the proposed project and incorporate mitigation measures into the project as necessary to eliminate the potentially significant effects of the project or to reduce the effects to a level of insignificance.

Purpose of the MMRP

The purpose of the MMRP is to ensure that the mitigation measures required by the PEIR for the Sustainable Santee Plan are properly implemented. The City will monitor the mitigation measures required for the Project. The MMRP Checklist provides a mechanism for monitoring the mitigation measures in compliance with the PEIR. General guidelines for the use and implementation of the monitoring program are described below.

Mitigation Monitoring Checklist

The Mitigation Monitoring Checklist is organized by the time of implementation and by categories of environmental impacts. For each impact area, the impacts identified in the EIR are summarized, and the required mitigation measures are listed. The following items are identified for each mitigation measure to ensure the implementation of each measure: (1) responsibility for implementation and monitoring; (2) date of completion; and (3) initials of monitor. A "Comments" column is provided for the monitor to insert comments concerning the completion of the mitigation measures.

Timing

The mitigation measures will be implemented at various times as construction proceeds. Some measures are implemented prior to the commencement of construction while others are completed during construction (e.g., during trenching and grading).

Responsibility

For each mitigation measure, the responsible party for implementing the measure is identified. In most cases, the Applicant is the responsible party for implementing the mitigation measure. When the City carries out the project directly, the City becomes the

applicant. The entity responsible for monitoring the implementation is also identified. In most cases, the City is responsible for monitoring.

Verification of Completion

The "Completion" columns have been left blank. The mitigation monitor will use these columns to indicate the date of completion, and to initial the completion of the mitigation measure.

Comments

A comments column is included to provide space for the monitor to record notes and observations as needed.

Mitigation Measure	Mitigation Responsibility	Time Frame of Mitigation				Monitoring Reporting Agency	Time Frame for Verification Frequency to		Date of Completion	Date of Verification	Comments
		Planning	*Pre-Const.*	*During Const.*	*Post Const.*		*Monitor*	*Report*			
Aesthetics											
MM 4.1-1 All proposed energy-generating structures shall be constructed utilizing non-reflective materials to the maximum extent feasible. If a reflective material is used, appropriate shielding shall be placed or the structure relocated to reduce the amount of visible glare. The City shall review all discretionary projects prior to issuance of building permits to ensure that appropriate shielding and placement of such structures are included in design plans.	Applicant / City of Santee	X	X	X		City of Santee					
Hazards and Hazardous Materials											
MM 4.1-1 All proposed energy-generating structures shall be constructed utilizing non-reflective materials to the maximum extent feasible. If a reflective material is used, appropriate shielding shall be placed or the structure relocated to reduce the amount of visible glare. The City shall review all discretionary projects prior to issuance of building permits to ensure that appropriate shielding and placement of such structures are included in design plans. Note: Same mitigation measure is under Aesthetics	Applicant / City of Santee	X	X	X		City of Santee					

Mitigation Measure	Mitigation Responsibility	Time Frame of Mitigation				Monitoring Reporting Agency	Time Frame for Verification Frequency to		Date of Completion	Date of Verification	Comments
		Planning	*Pre-Const.*	*During Const.*	*Post Const.*		*Monitor*	*Report*			
MM 4.5-1 Within two years of adoption of the Sustainable Santee Plan, the City of Santee shall update the Safety Element of the General Plan and include policies that will implement the climate change adaptation strategies found in Chapter 4 of the Sustainability Plan.	City of Santee	X				City of Santee					

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE August 28, 2019 **AGENDA ITEM NO.**

ITEM TITLE COMMUNITY CHOICE AGGREGATION WORKSHOP

DIRECTOR/DEPARTMENT Kathy Valverde, Assistant to the City Manager KV

SUMMARY

On January 23, 2019, the City Council authorized the City Manager to enter into a cost-sharing agreement with the cities of Chula Vista and La Mesa for the preparation of a joint Community Choice Aggregation ("CCA") Feasibility Study by EES Consulting, Inc. ("EES"). Community Choice Aggregation is a program that allows local governments to procure power on behalf of its residents and businesses from alternative energy suppliers while still receiving transmission and distribution service from the existing utility provider.

On July 24, 2019 EES presented its findings of the draft study, which evaluated the financial feasibility, the potential benefits and risks, and the different governance structures that could be used to implement a CCA in the City of Santee. The study focused on a three-city partnership with Chula Vista, La Mesa and Santee.

Based on City Council comments and questions from the July 24 meeting, this workshop will focus on providing the Council with additional information to help determine if the City of Santee should move forward in forming a CCA, and if so, what governance structure the City should pursue. While the attached staff report outlines responses to the Council's specific questions at the last meeting, more information will be presented at the workshop on the different governance options and the risks and advantages of each.

Since the last City Council meeting on this subject, cities in our region have taken the following actions with regards to Community Choice Aggregation:

- Chula Vista, La Mesa and Encinitas voted to join the proposed Regional JPA with San Diego.
- Carlsbad directed staff to negotiate with other possible partner agencies to form their own Community Choice Energy JPA.
- Oceanside, Del Mar and the County of San Diego are still reviewing their options but we anticipate they will take action soon.
- Escondido, San Marcos and Vista announced they will be conducting a joint feasibility study.

FINANCIAL STATEMENT No fiscal impact with this item at this time

CITY ATTORNEY REVIEW ☐ N/A ☑ Completed

RECOMMENDATION Provide direction to staff

ATTACHMENTS

Staff Report
Draft Community Choice Aggregation Technical Feasibility Study

STAFF REPORT
Community Choice Aggregation Workshop
August 28, 2019

On July 24, 2019 EES Consulting, Inc. (EES) presented its findings of the Draft Community Choice Aggregation Technical Feasibility Study to City Council. The study evaluated the financial feasibility, the potential benefits and risks, and the different governance structures that could be used to implement a Community Choice Aggregation (CCA) program in the City of Santee. The study focused on a three-city partnership with Chula Vista, La Mesa and Santee.

The items below provide information on the topics questioned by City Council at the July 24 meeting. Staff will provide additional information at the workshop on the different governance options the City could pursue if it chooses to move forward in forming a CCA, and the risks and advantages of each.

1. Status of AB 56 (Garcia)

AB 56 was originally drafted to centralize all power procurement statewide into one state run entity. It is reported that Sempra Energy encouraged introduction of the bill to support a proposed exit by SDG&E from the retail electricity business. The bill was later amended to allow the state entity to procure power as a backstop at the direction of the CPUC if a utility, direct access provider or CCA under-procured. The bill had serious flaws, and AB 56 failed to pass out of the Senate Energy Committee at the July 10, 2019 hearing.

2. PCIA Exit Fees and Investor-Owned Utility (IOU) Contracts

Per California law, all customers who opt to get their energy from alternative energy suppliers, such as a CCA, are required to pay a Power Charge Indifference Adjustment (PCIA). When utilities purchase electricity, they do so in long-term contracts meant to secure enough energy to serve the number of customers they have, per state requirements. When customers move to a CCA, the California Public Utilities Commission requires that those departing customers do not burden remaining utility customers with costs that were paid to procure energy to serve them.

The Power Charge Indifferent Adjustment (PCIA), also known as a CCA exit fee, is a charge that CCA customers are required to pay for the utility's stranded costs due to the customer leaving the utility's service. This exit fee is a common regulatory requirement when competition has been mandated by the government in an historically closed market. The charge is intended to ensure that utility customers remain indifferent to any costs left behind by the departing customer that cannot be recouped by the utility. For instance, if a CCA forms and the utility has built or invested in certain generation facilities or has purchased power on behalf of those customers, the utility can pass along any costs to CCA customers that it cannot recoup.

Historically, the PCIA has fluctuated dramatically, and it has been difficult to calculate the costs and impacts to the CCA because the information was not transparent. In addition,

PCIA costs were forecasted on an annual basis by the IOUs but were not trued up, so there was a potential for CCA customers overpaying the actual stranded cost of the utility.

In its October 2018 decision, the CPUC addressed these issues by making the PCIA more transparent and establishing a methodology for how utility exit fees are to be calculated. CCAs may review a utility's contracts through a non-disclosure agreement process, and can now better predict the charge. The CPUC also established a "market price benchmark," which is an annual determination of the market prices for power based on the CPUC's review of energy contract pricing. When a CCA launches, the utility's stranded costs are determined by the benchmark, which sets the PCIA charge. The utility is allowed to recover all costs that exceed the market benchmark through the PCIA charge. The PCIA is now "trued-up" on an annual basis to ensure that utility customers and CCA customers are not over billed. The CPUC is currently conducting Phase 2 of the proceeding where it is examining PCIA prepayment, utility auctions and the mechanics of the true-up.

The PCIA fee was reviewed by EES to assess the impacts on CCA energy rates. While the PCIA fluctuates on an annual basis, it is predicted to be relatively stable the next several years, falling off around 2030 for those CCAs forming in the near future. For the Feasibility Study, EES forecasted a PCIA base rate and developed a forecasted range of PCIA charges for CCA customers, in line with the current CPUC methodology, using historical and current year PCIA values, information available on existing SDG&E power supply contracts, and SDG&E sales transactions of excess power into secondary markets. In addition, EES used a sensitivity range of +/- 10% to forecast a low and high range to assess potential PCIA impacts on CCA rates.

3. Economic Impacts / Electric Rate Savings

Santee Specific Data

While the Feasibility Study focused on a three-city partnership with Chula Vista, La Mesa and Santee, data can be gleaned to highlight impacts specific to Santee. The study outlines the cost savings of Santee partnering with Chula Vista and La Mesa versus the City forming a CCA and buying power on its own. The study shows a 2% rate savings off a customer's entire bill (i.e., both CCA generation and SDG&E distribution charges) if Santee buys power with Chula Vista and La Mesa. However, the study shows only a 1% savings if Santee buys power on its own.

Although the study uses the specific loads of the three cities to examine the potential savings, the study essentially shows that Santee can expect better rates if it partners with other jurisdictions to achieve economies of scale. Generally, a joint CCA can expect to achieve a 2% or better rate discount compared to only 1% if Santee formed its own CCA.

The rate reductions are forecasted if the City launches a CCA at the renewable portfolio level comparable to SDG&E's current renewable rate of approximately 46%, as well at the 50% and 75% renewable power scenarios. However, the Feasibility Study predicts 0% rate savings over SDG&E if the CCA chooses a 100% renewable power portfolio at start-up.

Santee does not necessarily have to join a JPA to achieve economies of scale. While a JPA is a common governance model, a CCA can buy power in conjunction with other CCAs or in a pool. For instance, four CCAs in Northern California recently issued a joint solicitation for power resources. Some power supply companies also procure power in pools for their customers, which can be a mix of private entities, publicly owned utilities and CCAs. Thus, Santee's rate savings is not limited to joining with its study partners or joining the City of San Diego's proposed Regional JPA.

The Feasibility Study predicts economic growth (jobs and secondary/tertiary revenues) due to customer savings on electric rates. The report predicts a three-city total rate savings of $7.1 million. Santee's share of those savings would be approximately 20% based on Santee's share of the total load, or $1.42 million. A reasonable assumption is that Santee's share of the 86 total jobs created would also be 20%, or about 17 jobs. These jobs wouldn't necessarily be located in Santee, but would be created due to the functions of the CCA.

Ancillary Services
Ancillary services are those services purchased by the CCA and paid to the California Independent System Operator (CAISO) to ensure day-day grid reliability. Prices for these services are market-based and tariffed. All entities that provide retail electricity, including IOUs, direct access providers and CCAs, are responsible to pay a proportion of costs. Based on participation in past solicitations for these services and understanding of these markets, EES is confident these pricing predictions are reliable.

Financing
The financial model uses a conservative interest rate of 5% for the CCA to finance initial start-up costs and a working cash capital loan (which covers the gap between when a CCA goes into operation and when it begins receiving operating revenues). The financial model assumes these loans would be paid off in five years.

4. Current & Forecasted Growth of Solar / Impact on CCA

EES obtained three years of customer load information from SDG&E, which included customers on SDG&E solar tariffs (Net Energy Metering and Feed-In Tariff). The impact of customer migration to solar for the three cities is included in the Feasibility Study, although the numbers were not aggregated customer by customer to show an individual city impact. However, upon further review, EES was able to determine that San Diego County (SDG&E's service territory) is ahead of other counties in the state with regards to installation of solar projects, and Santee appears to be on par with other cities in the County.

Generally, solar projects could impact CCA revenues but the impacts could also be mitigated through a variety of measures, such as purchasing excess power from the solar projects; still providing power during evening and non-sunny days; and/or promoting a CCA solar program and generating revenues from sales/maintenance.

More analysis is required to determine the true potential impact of solar installations on a CCA in Santee. In fact, this analysis is typically a fundamental task of a CCA once in operation. However, the current rates of solar do not indicate that there would be a significant impact on CCA operations or revenues anytime in the near future.

5. State Mandated Long-Term Energy Procurement Requirements

Beginning in 2021, IOUs and CCAs must comply with SB 350 requiring that 65% of renewable power come from contracts 10 years or more in duration. EES tracks the price of long-term renewable and brown power contracts, and this mandate is incorporated into the Feasibility Study.

6. CCA Financing & Staffing

The Feasibility Study estimates the total start-up cost and working capital needed for the three-city partnership is $10 to $12 million. Santee's share of this total is estimated at $3 million. It is forecasted that payback of loans can be accomplished in five years.

CCA financing comes in various forms. Certain banks like River City bank and Barclay's have extended larger loans to CCAs for power procurement. Commercial vendors providing power portfolio, scheduling coordinator or data management services have also offered delayed fee arrangements, up to $500,000 loans at 5% interest, posting of all required CPUC bonds, and/or credit support and power procurement loans on a per MWh fee basis. CCAs have taken advantage of a combination of these options.

The Feasibility Study outlines a typical employee plan based on EES' experience helping other CCAs with start-up operations, which assumes ten positions to cover management, administrative and technical functions. The CCA employees are not assumed to all be city employees. CCAs typically begin operations with consultants and contractors and a limited number of full-time employees. For example, technical functions like power procurement, data management, regulatory and legal support are assumed to be contracted out, as well as other duties like manning a customer call center. For CCA employees, EES uses salary ranges based on experience with other CCAs and assumes an additional 30% to cover overhead and benefits. Typically, once the CCA is operational and has operating experience, the CCA itself would determine how a transition from contractors to employees would occur, if at all.

If Santee formed a stand-alone CCA, it is assumed most of the staffing would be contracted out due to the specialized experience needed. However, a more thorough evaluation would need to be done.

7. Impact and Status of Potential PG&E Breakup and SDG&E Exiting the Retail Electricity Market

While the Feasibility Study shows that forming a CCA is financially feasible under different scenarios, doing so is not without risk. The feasibility of a CCA, that is maintaining customer rates competitive with SDG&E, primarily depends on power supply costs (which

make up over 90% of the overall CCA operating budget), and how those costs compare to SDG&E's power supply costs and ultimately their customer rates.

Other factors impacting the financial viability of the CCA include: costs that SDG&E directly passes through to customers (including the Power Charge Indifference Adjustment or PCIA), market supply of renewable power, availability and cost of financing CCA operations, and legislative and regulatory actions.

The region is faced with some additional uncertainty with the potential PG&E breakup and if SDG&E were to exit the retail electricity market. If the City of San Diego forms a CCA, San Diego, by itself, is 45% of SDG&E's total load. SDG&E has a duty to serve all customers and be a provider of last resort. However, it raises the question of whether SDG&E will exist in its current form. Because SDG&E is a provider of last resort, cities like Santee have the option of not moving forward with CCA. CCAs, to date, have shown that if executed well, they can be more nimble than the utilities and offer cost savings and higher renewable products.

It is hard to really answer if Santee would be better off forming a CCA or staying with SDG&E. But the City may not want to take a "wait and see" stance.

8. Discretionary Funds

Discretionary funds are the CCA's net revenues – revenues generated after all CCA program operating costs are paid. The Feasibility Study estimates that the three-city CCA could generate $2.5 million to $10 million in net revenues annually, depending on the renewable power supply scenario (SDG&E equivalent, 50% or 75%), and after payoff of start-up costs and working capital loans, and after establishing a dedicated payment stream to acquire a 120-month reserve fund bank account. Assuming Santee's share is 20% based on the three-city load, the City could expect to generate approximately $500,000 to $2 million in net revenue annually if the City formed its own CCA.

Use of these discretionary funds would be decided by the CCA governing board, but could be used to further reduce rates for customers or help fund customer programs such as offering rebates for electric vehicles or related infrastructure; offering incentives for energy efficiency programs; or investing in community solar projects. Because the payback of start-up loans is forecasted to be accomplished in five years, the CCA could wait to offer these programs after all start-up costs are paid back, or it could decide to finance these programs in the interim.

Any current subsidized rate customers with SDG&E under a low-income program, such as CARE or FERA, or a customer with a medical baseline allowance, will not be impacted. The discounts provided by current IOU's are matched by the CCA.

9. CCA Governance Models

The various governance models available to Santee are briefly described in the Feasibility Study. EES only prescribed a general outline as the scope of the study focused mainly

on the financial viability of a CCA. Generally, there are three main types of CCAs. A brief summary of each is provided below and will be discussed further at the workshop.

Enterprise or Stand-Alone CCA

The first governance option is a stand-alone CCA. In this model, the City would form a single CCA by ordinance and establish an enterprise fund, similar to a city water or wastewater utility. The enterprise fund generally insulates the general fund from liability, so long as revenues are not commingled and the city does not have to backfill or be liable for enterprise liabilities. The City Council would set customer rates, and revenues are directed to the enterprise fund for expenditure on energy-related programs and projects that directly benefit CCA ratepayers. Larger cities may procure power individually and have some level of staff managing the CCA and consultants. Smaller CCAs may procure power individually or in larger buying pools, and may have limited staff or contract out all CCA-related functions. The benefits of an enterprise model are local control and program design, while the disadvantages include ratepayer cost savings, start-up costs and staffing. Stand-alone CCAs include San Francisco, San Jose, Solana Beach and the King River Conservation District.

Joint Powers Authority (JPA)

A second governance option is a joint powers authority. State law allows a group of cities and counties to form a CCA through a JPA. The JPA is a separate legal entity governed by a board of directors representative of the member agencies. Historically, JPAs are created to issue large debt to construct or finance projects, provide regional services or provide services that have significant liability, such as flood control. The debts, obligations and liabilities of the JPA are not those of the members, much like a limited liability company. A joint powers agreement and bylaws set forth the purpose, powers and voting of the JPA. The JPA sets customer rates and offers programs throughout the members' territories. Revenue, expenditures and program benefits, however, are not necessarily proportionate to that territory or the size of each member, and revenues typically stay with the JPA. JPA members typically share common goals, such as economic development or climate action implementation, although a majority of members can decide issues for minority members. Some CCAs have instituted weighted votes that protect larger members or groups of members in more controversial decisions. JPAs can procure power in larger pools and generate revenues faster due to economies of scale. CCA JPAs to date range from 3-member JPAs to 33-member JPAs.

Combination Enterprise-JPA Model

A third governance option is a combination of the enterprise and JPA models. Cities form their own individual enterprise funds and contract back services to either a joint powers authority or a central entity through a "cooperative agreement" (or "joint powers agreement" that does not form a JPA). This model potentially encompasses all of the advantages of the previous models with emphasis on local control and avoiding member disputes in a JPA. Care must be taken to minimize liability, however, if a JPA is not created. A JPA could be created for the limited purpose of issuing debt, or an alternative to a JPA board can be the creation of a Brown Act commission or committee comprised of the representative CCAs that provide advisory oversight to the central entity responsible for procurement and any regional programs.

Community Choice Aggregation
Technical Feasibility Study

Prepared for:
The Cities of Chula Vista, La Mesa, and Santee

FINAL DRAFT

July 16, 2019

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DRAFT

EES Consulting, Inc.

July 16, 2019

Mr. Gary Halbert
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

SUBJECT: Draft CCA Technical Feasibility Study

Dear Mr. Halbert:

Please find attached the Final Draft Community Choice Aggregation Technical Feasibility Study (Study) for the cities of Chula Vista, La Mesa, and Santee (Partners).

It has been a pleasure working for these Partners and we very much appreciate all the effort this working team has spent on the Study.

Very truly yours,

Gary Saleba
President/CEO

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Telephone: 425 889-2700 Facsimile: 425 889-2725

Contents

Glossary

Ancillary Services: Those services necessary to support the transmission of electric power from seller to purchaser given the obligations of control areas and transmitting utilities within those control areas to maintain reliable operations of the interconnected transmission system.

aMW: Average annual Megawatt. A unit of energy output over a year that is equal to the energy produced by the continuous operation of one megawatt of capacity over a period of time (8,760 megawatt-hours).

Baseload Resources: Base load power generation resources are resources such as coal, nuclear, hydropower, and geothermal heat that are cheapest to operate when they generate approximately the same output every hour.

Basis Difference (Natural Gas): The difference between the price of natural gas at the Henry Hub natural gas distribution point in Erath, Louisiana, which serves as a central pricing point for natural gas futures, and the natural gas price at another hub location (such as for Southern California).

Buckets: Buckets 1-3 refer to different types of renewable energy contracts according to the Renewable Portfolio Standards requirements. Bucket 1 are traditional contracts for delivery of electricity directly from a generator within or immediately connected to California. These are the most valuable and make up the majority of the RECS that are required for LSEs to be RPS compliant. Buckets 2 and 3 have different levels of intermediation between the generation and delivery of the energy from the generating resources.

Bundled Customers: Electricity customers who receive all their services (transmission, distribution and supply) from the Investor-Owned Utility.

Bundled and Unbundled Renewable RECs: Unbundled Renewable Energy Credits (RECs) are those that have been disassociated from the electricity production originally represented and are sold separately from energy. Bundled RECs are delivered with the associated energy.

California Independent System Operator (CAISO): The organization responsible for managing the electricity grid and system reliability within the former service territories of the three California IOUs.

California Balancing Authority: A balancing authority is responsible for operating a transmission control area. It matches generation with load and maintains consistent electric frequency of the grid, even during extreme weather conditions or natural disasters. California has 8 balancing authorities. SDG&E is in CAISO.

California Clean Power (CCP): A private company providing wholesale supply and other services to CCAs.

California Energy Commission (CEC): The state regulatory agency with primary responsibility for enforcing the Renewable Portfolio Standards law as well as a number of other, electric-industry related rules and policies.

California Public Utilities Commission (CPUC): The state agency with primary responsibility for regulating IOUs, as well as Direct Access (DA) and CCA entities.

Capacity Factor: The ratio of an electricity generating resource's actual output over a period of time to its potential output if it were possible to operate at full nameplate capacity continuously over the same period. Intermittent renewable resources, like wind and solar, typically have lower capacity factors than traditional fossil fuel plants because the wind and sun do not blow or shine consistently.

CleanPowerSF: CCA program serving customers within the City of San Francisco. CleanPowerSF began service to 7,800 "Phase 1" customers in May 2016.

Climate Zone: A geographic area with distinct climate patterns necessitating varied energy demands for heating and cooling.

Coincident Peak: Demand for electricity among a group of customers that coincides with peak total demand on the system.

Community Choice Aggregation (CCA): Method available through California law to allow cities and Counties to aggregate their citizens and become their electric generation provider.

Community Choice Energy: A City, County or Joint Powers Agency procuring wholesale power to supply to retail customers.

Community Choice Partners: A private company providing services to CCAs in California.

Congestion Charges: When there is transmission congestion, i.e. more users of the transmission path than capacity, the CaISO charges all users of the congested transmission path a "Usage Charge".

Congestion Revenue Rights (CRRs): Financial rights that are allocated to Load Serving Entities to offset differences between the prices where their generation is located and the price that they pay to serve their load. These rights may also be bought and sold through an auction process. CRRs are part of the CAISO market design.

Demand Side Resources: Energy efficiency and load management programs that reduce the amount of energy that would otherwise be consumed by a customer of an electric utility.

Demand Response (DR): Electric customers who have a contract to modify their electricity usage in response to requests from a utility or other electric entity. Typically, will be used to lower demand during peak energy periods, but may be used to raise demand during periods of excess supply.

Direct Access (DA): Large power consumers which have opted to procure their wholesale supply independently of the IOUs through an Electricity Service Provider.

EEI (Edison Electric Institute) Agreement: A commonly used enabling agreement for transacting in wholesale power markets.

Electric Service Providers (ESP): An alternative to traditional utilities. They provide electric services to retail customers in electricity markets that have opened their retail electricity markets to competition. In California the Direct Access program allows large electricity customers to opt-out of utility-supplied power in favor of ESP-provided power. However, there is a cap on the amount of Direct Access load permitted in the state.

Electric Tariffs: The rates and terms applied to customers by electric utilities. Typically have different tariffs for different classes of customers and possibly for different supply mixes.

Enterprise Model: When a City or County establish a CCA by themselves as an enterprise within the municipal government.

Federal Tax Incentives: There are two Federal tax incentive programs. The Investment Tax Credit (ITC) provides payments to solar generators. The Production Tax Credit (PTC) provides payments to wind generators.

Feed-in Tariff (FIT): A tariff that specifies what generators who are connected to the distribution system are paid.

Firming: Firm capacity is the amount of energy available for production or transmission which can be (and in many cases must be) guaranteed to be available at a given time. Firm energy refers to the actual energy guaranteed to be available. Firming refers to the financial instrument to change non-firm power to firm power.

Flexible Resource Adequacy: Flexible capacity need is defined as the quantity of economically dispatched resources needed by the California ISO to manage grid reliability during the greatest three-hour continuous ramp in each month.

Forward Prices: Prices for contracts that specify a future delivery date for a commodity or other security. There are active, liquid forward markets for electricity to be delivered at a number of Western electricity trading hubs, including SP15 (South Path 15) which corresponds closely to the price location which the Partners will pay to supply its load.

Implied Heat Rate: A calculation of the day-ahead electric price divided by the day-ahead natural gas price. Implied heat rate is also known as the 'break-even natural gas market heat rate,' because only a natural gas generator with an operating heat rate (measure of unit efficiency) below the implied heat rate value can make money by burning natural gas to generate power. Natural gas plants with a higher operating heat rate cannot make money at the prevailing electricity and natural gas prices.

Integrated Resource Plan: A utility's plan for future generation supply needs.

Investor-Owned Utility (IOU): For profit regulated utilities. Within California there are three IOUs - Pacific Gas and Electric, Southern California Edison and San Diego Gas and Electric.

ISDA (International Swaps and Derivatives Association): Popular form of bilateral contract to facilitate wholesale electricity trading.

Joint Powers Agency (JPA): A legal entity comprising two or more public entities. The JPA provides a separation of financial and legal responsibility from its member entities.

Lancaster Choice Energy (LCE): A single-jurisdiction CCA serving residents of the City of Lancaster in Southern California. LCE launched service in October 2015 and served 51,000 customers.

LEAN Energy (Local Energy Aggregation Network): A not-for-profit organization dedicated to expanding Community Choice Aggregation nationwide.

Load Forecast: A forecast of expected load over some future time horizon. Short-term load forecasts are used to determine what supply sources are needed. Longer-term load forecasts are used for budgeting and long-term resource planning.

Local Resource Adequacy: Local requirements are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency

Marginal Unit: An additional unit of power generation to what is currently being produced. At and electric power plant, the cost to produce a marginal unit is used to determine the cost of increasing power generation at that source.

Marin Clean Energy (MCE): The first CCA in California now serving residents and businesses in the Counties of Marin and Napa, and the cities of Richmond, Benicia, El Cerrito, San Pablo, Walnut Creek, and Lafayette.

Market Redesign and Technology Upgrade (MRTU): CAISO's redesigned, nodal (as opposed to zonal) market that went live in April of 2009.

Net Energy Metering (NEM): The program and rates that pertain to electricity customers who also generate electricity, typically from rooftop solar panels.

Non-bypassable Charges: Charges applied to all customers receiving service from Investor-Owned Utilities in California, but which are separated into a separate charge for departing load customers, such as Community Choice Aggregation and Direct Access Customers. These charges include charges for the Public Purpose Programs (PPP), Nuclear Decommissioning (ND), California Department of Water Resources Bond (CDWR), Power Charge Indifference Adjustment (PCIA), Energy Cost Recovery Amount (ECRA), Competition Transition Charge (CTC), Cost Allocation Mechanism (CAM).

Non-Coincident Peak: Energy demand by a customer during periods that do not coincide with maximum total system load.

Non-Renewable Power: Electricity generated from non-renewable sources or a source that does not come with a Renewable Energy Credit (REC).

On-Bill Repayment (OBR): Allows electric customers to pay for financed improvements such as energy efficiency measures through monthly payments on their electricity bills.

Operate on the Margin: Operation of a business or resource at the limit of where it is profitable.

Opt-Out: Community Choice Aggregation is, by law, an opt-out program. Customers within the borders of a CCA are automatically enrolled within the CCA unless they proactively opt-out of the program.

Peninsula Clean Energy (PCE): Community Choice Aggregation program serving residents and businesses of San Mateo County. PCE launched in October of 2016.

Pricing Nodes: The ISO wholesale power market prices electricity based on the cost of generating and delivering it from particular grid locations called nodes.

Power Cost Indifference Adjustment (PCIA): A charge applied to customers who leave IOU service to become Direct Access or CCA customers. The charge is meant to compensate the IOU for costs that it has previously incurred to serve those customers.

Power Purchase Agreement (PPA): The standard term for bilateral supply contracts in the electricity industry.

Portfolio Content Category: California's RPS program defines all renewable procurement acquired from contracts executed after June 1, 2010 into three portfolio content categories, commonly referred to as "buckets."

Renewable Energy Credits (RECs): The renewable attributes from RPS-qualified resources which must be registered and retired to comply with RPS standards.

Resource Adequacy (RA): The requirement that a Load-Serving Entity own or procure sufficient generating capacity to meet its peak load plus a contingency amount (15% in California) for each month.

Renewable Portfolio Standard (RPS): The state-based requirement to procure a certain percentage of load from RPS-certified renewable resources.

Scheduling Coordinator: An entity that is approved to interact directly with CAISO to schedule load and generation. All CAISO participants must be or have an SC. A scheduling coordinator provides day-ahead and real-time power and transmission scheduling services.

Scheduling Agent: A person or service that forecasts and monitors short term system load requirements and meets these demands by scheduling power resource to meet that demand.

Shaping: Function that facilitate and support the delivery of energy generation to periods when it is needed most.

Silicon Valley Clean Energy (SVCE): CCA serving customers in twelve communities within Santa Clara County including the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and the County of Santa Clara. As of the date of completion of this Study, SVCE had not yet launched service.

Sonoma Clean Power (SCP): A CCA serving Sonoma County and Sonoma County cities. On December 29th, SCP received approval of their implementation plan from the California Public Utilities Commission to extend service into Mendocino County.

SP15: Refers to a wholesale electricity pricing hub - South of Path 15 - which roughly corresponds to SCE and SDG&E's service territory. Forward and Day-Ahead power contracts for Northern California typically provide for delivery at SP15. It is not a single location, but an aggregate based on the locations of all the generators in the region.

Spark Spread: The theoretical grow margin of a gas-fired power plant from selling a unit of electricity, having bought the fuel required to produce this unit of electricity. All other costs (capital, operation and maintenance, etc.) must be covered from the spark spread.

Supply Stack: Refers to the generators within a region, stacked up according to their marginal cost to supply energy. Renewables are on the bottom of the stack and peaking gas generators on the top. Used to provide insights into how the price of electricity is likely to change as the load changes.

System Resource Adequacy: System requirements are determined based on each LSEs CEC adjusted forecast plus a 15% planning reserve margin.

Vintage: The vintage of CRS applicable to a CCA customer is determined based on when the CCA commits to begin providing generation services to the customer. CCAs may formally commit to become the generation service provider for a group of customers

Weather Adjusted: Normalizing energy use data based on differences in the weather during the time of use. For instance, energy use is expected to be higher on extremely hot days when air conditioning is in higher demand than on days with comfortable temperature. Weather adjustment normalizes for this variation.

Western Electric Coordinating Council (WECC): The organization responsible for coordinating planning and operation on the Western electric grid.

Wholesale Power: Large amounts of electricity that are bought and sold by utilities and other electric companies in bulk at specific trading hubs. Quantities are measured in MWs, and a standard wholesale contract is for 25 MW for a month during heavy-load or peak hours (7am to 10 pm, Mon-Sat), or light-load or off-peak hours (all the other hours).

WREGIS: The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by WECC. WREGIS tracks renewable energy generation from units that register in the system by using verifiable data and creating renewable energy certificates (REC) for this generation.

Western States Power Pool (WSPP) Agreement: Common, standardized enabling agreement to transact in the wholesale power markets.

Executive Summary

Introduction

To meet clean energy and sustainability objectives, the cities of Chula Vista, La Mesa, and Santee approved funding for a technical feasibility study (Study) evaluating Community Choice Aggregation (CCA). Under the CCA model, local governments purchase and manage their community's electric power supply by sourcing power from a preferred mix of traditional and renewable energy sources, while the incumbent investor owned utility (IOU) continues to provide distribution and billing service.

California Assembly Bill 117 allows local governments to form CCAs that offer an alternative electric power option to constituents currently served by IOUs. CCAs face the same requirements for renewable energy purchases as the incumbent IOUs and public utilities; however, many CCA programs can offer power content that has a greater share of renewable energy compared with the incumbent utility and at lower retail rates.

There are currently 19 operational CCAs in the State, representing 109 different cities and counties and nearly 20% of the state's energy load. Cities with CCA programs cite benefits of local control, customized energy programs, customer choice, higher renewable energy to support climate action plan goals, and competitive rates.

Study Goals

The goal of the Study is to determine whether a CCA program(s) could be established to meet the greenhouse gas (GHG) emissions reduction goals of the Partner cities while keeping electricity rates comparable to or lower than those of the incumbent utility. To do this, the Study will:

- Evaluate the financial feasibility of a potential CCA for the cities of Chula Vista, La Mesa, and Santee (Partners). Financial feasibility for both a larger Partner CCA and individual CCAs for each city were also evaluated.
- Assess whether a CCA program can help the cities achieve climate action plan goals, including 100% renewable electricity by 2035.
- Evaluate governance options for CCA, including:
  - Enterprise – Each city operates its own CCA
  - Partner CCA – A 3-city CCA program with Chula Vista, La Mesa, and Santee
  - Enterprise JPA – Cities each have their own CCA but join with other jurisdictions to form a JPA of CCAs. Administration costs are shared but power supply procurement is unique to each CCA member.

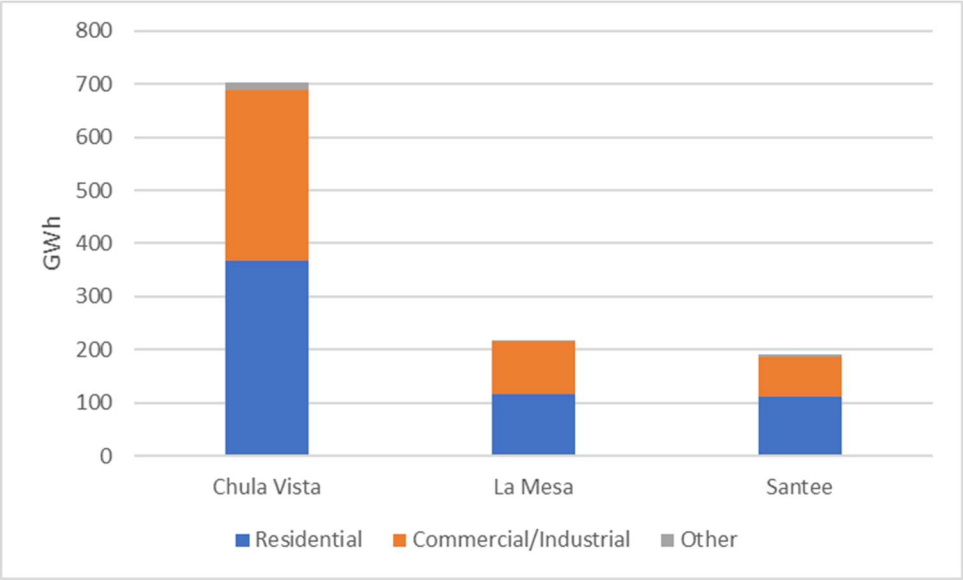
- Regional CCA – Join the City of San Diego-led efforts to form a SDG&E regional CCA through JPA agreements between each jurisdiction
- Other JPA Option – Partner with operational CCA, Solana Energy Alliance

- Evaluate risks and benefits of a CCA

Study Assumptions and Scenarios

Load data from the Partners was provided by SDG&E. Exhibit ES-1 shows the amount of energy consumed in each of the Partner cities in 2018. Residential and commercial customers make up the majority of energy use across all cities. The Other category includes street lighting and agriculture.[1]

Exhibit ES-1
2018 Load by City



At this time, SDG&E's resource mix is 44%[2] GHG-free due to power supply from renewable resources. SB100, adopted in 2018, accelerates the state-mandated Renewable Portfolio Standard (RPS) obligations as follows:

- 44% renewable by 2024;
- 52% renewable by 2027;
- 60% renewable by 2030; and
- 100% GHG free by 2045

[1] The Commercial category includes all commercial customers plus industrial customers. Agriculture is primarily irrigation pumping.

[2] https://ww2.energy.ca.gov/pcl/labels/2017_labels/SDG_and_E_2017_PCL.pdf

While a high-level analysis of other governance options is evaluated in the Study, the Study calculations assume the Partners will proceed with the Partner CCA operating model as this approach will offer greater economies of scale and financial efficiencies when compared to individual CCAs. The Study also assumes that the Partner CCA would purchase power supply that meets SB100 and SB350 requirements for renewable energy, long-term contracts, and complies with all other related CPUC regulations. The Study evaluated power supply for a potential Partner CCA program, operating costs, and compared those expenses to forecasted SDG&E rates. All rate discounts or bill savings referenced throughout the Study are the savings off the bundled SDG&E rates which includes energy supply, transmission, distribution, and other charges.

To provide information about the cost difference between renewable resource portfolios, this Study analyzes the 4 scenarios detailed in Exhibit ES-2.

Exhibit ES-2
Partner CCA Resource Portfolios Evaluated

	% Renewable[1] at Launch (2021)	% Renewable in 2030	Meets 100% Renewable by 2035
Scenario 1: SDG&E Equivalent Renewable Portfolio	46%	60%	No
Scenario 2: 50% Renewable at Launch, with 100% by 2035 Portfolio	50%	86%	Yes
Scenario 3: 75% Renewable at Launch, with 100% by 2030 Portfolio	75%	100%	Yes
Scenario 4: 100% Renewables Portfolio at Launch	100%	100%	Yes

[1]Renewable includes only RPS eligible resources. All eligible renewable resources are greenhouse gas free in this study.

Key Findings

The Study results show that a Partner CCA is financially feasible and can provide the following benefits:

- CCA customer bills are predicted to be at least 2% lower than forecast SDG&E total bills. Put another way, a hypothetical customer with a $100 SDG&E electric bill could expect a $98 bill under the CCA. These calculations include conservative modeling parameters and assume participation rates for residential customers of 95% and non-residential customers participation rates of 85%. Recently-launched CCAs throughout the state have experienced participation rates near 98%.

- Electricity cost savings are estimated to average about $7.1 million per year for residents and businesses located within the three cities.

- CCA start-up and working capital costs (estimated at $12 million, and assumed to be financed) could be fully recovered within the first five years of CCA operations while still achieving a 2% rate discount compared to SDG&E's forecast rates.

- The Study analyzed CCA rate results under scenarios with high and low participation rates, high and low market power costs, and high and low stranded costs. The findings identify key risks with regard to stranded cost recovery (via SDG&E) and power supply. The Study's section on Risks and Sensitivity Analysis describes the magnitude of those risks and measures for mitigating risks.

- The CCA will have an average, annual $8.5 million surplus revenue stream that can be used for customer-related programs such as:
  - Funding for customer energy efficiency programs.
  - Local renewable energy resource programs, such as renewable energy net-metering.
  - Customer rate savings beyond the 2% target.

- The rate savings to customers under the Partner's CCA would drive additional local economic development benefits, such as 86 new jobs and a total of $10.3 million in annual economic output.

- If the CCA program purchased power supply that required 100% renewable energy use by 2035, the CCA program would help the Partners meet renewable energy Climate Action Plan goals. Under this scenario, the CCA could still offer a 2% bill discount off forecast SDG&E bills in 2035.

- While all governance models are viable and offer some savings, a high-level analysis for joining the San Diego CCA illustrate the economies of scale, ease of implementation, and other considerations for partnering with the City of San Diego's CCA efforts.

Key Operating Figures for a Partner CCA as modeled against SDG&E's projected power portfolio are shown in Exhibit ES-3 below. The analysis assumes SDG&E will meet future RPS requirements; however, SDG&E might choose a more renewable power content. Without additional information on SDG&E's plans, the RPS power content assumption is the next best estimate.

Exhibit ES-3 Partner CCA Key Operating Figures				
Power Supply Portfolio Scenario:	**Scenario 1: SDG&E Equivalent Renewable**	**Scenario 2: 50% Renewable at Launch 100% Renewable by 2035**	**Scenario 3: 75% Renewable at Launch 100% Renewable by 2030**	**Scenario 4: 100% Renewable**
2022 Operating Budget, $ million	$74.3	$75.9	$80.4	$86.9
2022 Revenues, $ million	$79.5	$79.5	$79.5	$82.7
2022 Load Served, GWh	1,031	1,031	1,031	1,031
Average Operating Budget, $ million	$81.1	$84.8	$89.0	$92.3
Average Revenues, $ million	$91.5	$91.5	$91.5	$95.0
Average Net Revenues, $ million	$10.5	$6.7	$2.5	$2.7
Average Load Served, GWh	1,035	1,035	1,035	1,035
Startup Loan (Including Pre-Startup Costs and Working Capital), $ million	$10	$12	$12	$21
Startup Loan Term, years	5	5	5	5
Average Rate Discount, %	2%	2%	2%	1%
Economic Impacts: San Diego County	86 Jobs/year	86 Jobs/year	86 Jobs/year	44 Jobs/year
	$10.3 million in output/year	$10.3 million in output/year	$10.3 million in output/year	$5.2 million in output/year
Greenhouse Gas Reductions, tons CO2/year	0	55,261	127,832	173,106

Governance

Should the Partners choose to implement a CCA, the cities will need to decide on an appropriate governance structure and fund some of the related upfront costs of implementing the CCA program. The Study evaluated five governance options, which include:

- Enterprise – Each city operates its own CCA
- Partner CCA – A 3-city CCA program with Chula Vista, La Mesa, and Santee
- Enterprise JPA – Cities each have their own CCA but join with other jurisdictions or form a JPA of CCAs. Administration costs are shared but power supply procurement is unique to each CCA member.
- Regional CCA – Join the City of San Diego-led efforts to form a SDG&E regional CCA through JPA agreements between each jurisdiction
- Other JPA Option – Partner with operational CCA, Solana Energy Alliance (SEA)

A summary of the findings is provided in Exhibit ES-4 and a description of each is outlined below.

Exhibit ES-4
Summary of Estimated Costs to Establish CCA by Governance

	Enterprise	Partner CCA	Regional CCA	JPA with SEA	Enterprise JPA
Pre-Launch Costs	$600,000-800,000 (each)	$600,000-800,000	$0	Not Determined	$600,000-800,000
Start-Up and Working Capital (Financed)	Chula Vista: $5 million	$10-$12 million	$0	Some fee may be required	Chula Vista: $5 million
	La Mesa: $4 million				La Mesa: $4 million
	Santee: $3 million				Santee: $3 million
Estimated Bundled Rate Discount	Chula Vista: 2%	2%	At least 2%	Undetermined	2%
	La Mesa: 1%				
	Santee: 1%				
Probable Launch Date	2022	2022	2021	2022	2022
Power Supply Cost Allocation	Power supply obtained individually	Power supply obtained at the same time	Shared power costs	Power supply obtained incrementally	Power supply obtained individually

Enterprise – As an enterprise, a city-only CCA retains the greatest amount of local control for program organization and power supply. Discretionary revenues above what is needed to run the CCA program stay within each jurisdiction. Power supply choice and rate discounts are unique to each CCA; however, the enterprise fund would not benefit from sharing administration costs. Duplicate efforts would be made to implement each city CCA and the resulting rate discounts offered might be lower compared to a joint powers authority (JPA) option. Also due to the cost duplication in the enterprise option, the city CCAs may not be able to offer power supply with a greater share of RPS-qualifying resources compared with a JPA option. An enterprise option is well suited for jurisdictions who do not have partners with similar goals and culture. The City of Solana Beach set up an enterprise CCA but are now looking for partners to join them (discussed below in Other JPA Options). This willingness to partner suggests value in JPA governance structures.

Partner CCA – A Partner CCA is explored in this Study to demonstrate the financial feasibility of a CCA program. Under this option each city council would pass an ordinance to form a CCA and join a negotiated JPA. The JPA operates as its own entity and typically is governed by a board consisting of one elected official from each partner city. The pre-launch costs (estimated in ES-4) would be shared among the JPA members. Under a Partner JPA, the CCA would have a larger customer base, and could possibly offer higher rate discounts and/or additional flexibility in program choice or power supply portfolio. A high level of local control is maintained; however, the Partners might expect to be more involved in day-to-day operations of the CCA compared with joining a larger, Regional JPA (discussed below).

Enterprise JPA – Partnering with any of the other cities or the county could also take the form of an Enterprise JPA where each member is its own CCA and is responsible for its own power supply. In this model administration costs are shared. This might be a good option for smaller jurisdictions to obtain economies of scale for administration cost sharing, but each member retains flexibility and local control in power supply including rate programs and discounts. The Enterprise JPA model is made up of individual CCAs; therefore, contracts for power supply are entered into by each city and may not afford the same protections of general fund liability as the JPA model. This governance option has not been used in SDG&E service territory yet. An example of an Enterprise JPA is CalChoice operating in Southern California Edison's service area.

Regional CCA – The City of San Diego is requesting interested jurisdictions to join together to operate a regional CCA program under a JPA. The City of San Diego has been conducting work group meetings to discuss JPA governance terms and framework with interested jurisdictions. The City has further stated that it will provide the start-up costs and working capital needed for the program, which could be a significant benefit to the Partners. A Regional CCA is expected to provide economies of scale for administration costs resulting in an additional estimated 0.8% in rate savings. These administration cost savings could provide additional rate savings or programs depending on how the Regional CCA sets its internal goals. These savings could be offset if the Regional CCA introduces a power supply that is greener than what the Partners desire. Overall, a Regional CCA would likely be more cost-effective compared with a Partners Only JPA.

While participation in the Regional CCA would have additional economies of scale benefits, there would be a trade-off in the level of local control. Existing CCA JPA agreements do not generally have language guaranteeing new program funding for each JPA member and there is a possibility that the new program benefits of a Regional CCA would not be equally shared across all members. Finally, a Regional CCA program has the potential to grow to 18 or more members compared with a Partner JPA that could limit the number of partners in its agreement. While 18 members is not as large as some operating CCAs, there is some uncertainty in the amount of local control that would be retained for the Partners. Also, with large JPAs, quorums are more difficult to achieve and the decision-making often shifts to committees.

If the Partners wish to join the Regional CCA, the respective city councils likely need to vote by September 2019 to initiate the first round of JPA negotiations for a launch date as early as 2021. This option is attractive in terms of timing and the benefit of not having to come up with capital for pre-launch activities.

Other JPA Options – Other CCA technical feasibility studies in SDG&E service area include Encinitas, Oceanside, Del Mar, Carlsbad, and San Diego County. The Partners could join with any of these jurisdictions if they do not ultimately join the Regional CCA. This option would be further off in the future and would likely result in the earliest launch date of 2022.

Finally, the City of Solana Beach is currently operating the Solana Energy Alliance (SEA) and has responded to a recent Request for Information (RFI) indicating interest in partnering to form a JPA with other cities. In the case of SEA, a JPA would need to be negotiated including likely

changes in the structure and consultant contracts SEA currently maintains. SEA's current contracts may be limiting; however, these limitations might also be offset by the experience SEA brings to the CCA launch process. A final consideration for a possible partnership with SEA is that the Partner's loads are over ten times greater than SEA's load. Due to the size difference, the current SEA contracts and structures may not be a good fit. Specifically, the Partner's load is large enough to support a full CCA staff. SEA loads are relatively small for a CCA, and so staff is limited to a director with all other functions being completed by consultants. A JPA with SEA could take the form of an Enterprise JPA model or a JPA CCA model. Recall that the Enterprise JPA model is a JPA between individual CCAs while a JPA CCA is a CCA formed through JPA. The distinction is important when designing agreements that protect general fund liability.

Risks

While the study shows that forming a CCA is financially feasible under a wide range of scenarios, doing so is not without risk. The feasibility of the CCA; that is maintaining customer rates competitive with SDG&E primarily depends on power supply costs (which make up over 90% of the overall CCA operating budget); and how those costs compare to SDG&E's power supply costs and ultimately their customer rates. Other factors impacting the financial viability of the CCA include: costs that SDG&E directly passes through to all customers (including the Power Charge Indifference Adjustment or PCIA), market supply of renewable power, availability and cost of financing CCA operations, and legislative and regulatory actions.

To assess the magnitude of the risks imposed on the CCA by these factors, the Study includes a Sensitivity and Risk Analysis section which established a range of high and low scenarios for: prices for CCA-procured market power, SDG&E's customer rates, CCA financing costs, and the level of SDG&E's PCIA. As a result of the impact on CCA rates of these risk scenarios, the Sensitivity and Risk Analysis section also assumed a worst case CCA customer retention level and its impact on CCA rates.

The results of the Sensitivity and Risk Analysis indicate under what scenarios the CCA's rates may exceed SDG&E's customer rates, and also suggest actions the CCA may take to manage those risks. The risk mitigation actions consist of industry standard best operating practices and strategies employed by other operating CCAs including: conservative power procurement strategies employing market risk management policies, developing a cash reserve fund from annual net revenues, and engaging in regulatory and legislative issues through the Statewide CCA group – the California Community Choice Association (CalCCA).

Conclusions

The Study results suggest that CCA implementation is financially feasible for a Partner CCA or other JPA structure. The economies of scale realized within a Partner CCA are sufficient for stable operation under a wide range of financial assumptions and sensitivities. A Partner CCA can be established in 2019 with a launch date of 2021 if a JPA is put into place by October 2019 with an implementation plan filed at the California Public Utilities Commission (CPUC) in December 2019.

This schedule has a short time-frame, and if the decision is delayed by a month, the launch date would be shifted to 2022.

Additionally, the individual city analyses showed that each of the Partners could implement its own CCA program. Based on the study's conservative assumptions, the City of Chula Vista is large enough to offer a 2% bill discount while offering a power supply portfolio consistent with the power supply content in Scenario 2 (50% renewable at launch and 100% by 2035). La Mesa and Santee are smaller cities but could potentially offer bill discounts as well, but with a lower projected discount of 1% as there are fewer customers over which to spread fixed administration costs. Both La Mesa and Santee are larger than the currently operating SEA which has provided a 3% total bill discount compared with SDG&E. The savings SEA has offered are greater than what is estimated in this study which might be attributed to the exit fee vintage as well as the conservative forecasts in this study which estimate higher power supply costs going forward. Savings offered by SEA may also change in the future.

The Partner's CAP goals for renewable energy are well aligned with the City of San Diego goals. If the Partners wish to be part of the Regional CCA, the CCA would launch in 2021 and the Partners would have the benefit of not having to put money in up front for pre-launch activities.

Suggested next steps for the Partners include: complete an internal review of this Study, conduct public outreach activities to share the results of the Study with constituents and other stakeholders and receive their input, adopt the Study results through City Council actions and determine whether to move forward with CCA implementation. Each Partner should continue to evaluate governance options and assess which are best aligned with City goals.

Introduction

Since the State's first Community Choice Aggregation (CCA) program was launched in Marin County in 2010, many communities across the State have benefitted from reduced electricity costs and community-specific activities and programs associated with CCA operations. To date, 19 CCAs comprising multiple counties and cities are operating with more scheduled to commence operations in 2020 and 2021. To better understand the benefits and risks associated with CCA programs, the cities of Chula Vista, La Mesa, and Santee (Partners) selected EES Consulting to prepare a report that assesses the feasibility of CCA operations as a mechanism to offer cost competitive rates to customers and to meet city Climate Action Plan goals for renewable energy utilization and greenhouse gas (GHG) reductions. In this report, EES examines the technical and financial viability of a CCA program to serve Partner city constituents.

Exploring a CCA program is an important part of evaluating the Partner's clean energy future. A CCA program would give the Partners local control over power supply and revenue to fund clean energy-related programs. The Study models power supply and operating expenses against the alternative service from SDG&E and finds that a CCA can provide lower electric rates while meeting or exceeding State mandates for renewable power utilization. The Sensitivity and Risk Analysis confirms these findings under a range of factors impacting financial viability for a Partner-operated CCA.

While the primary analysis provides the feasibility results for the case where the Partners operate their own CCA, other options are available such as joining the Regional CCA effort led by the City of San Diego or teaming with other jurisdictions. These other options could result in additional cost savings but might also impact local decision-making authority. These trade-offs are introduced in the Governance Section of the Study.

The Study assumes that a CCA created among the Partner cities would directly support the cities' Climate Action Plans (CAPs), and would generally aspire to meet the following objectives:

- Decrease GHG emissions from electricity generation
- Increase the renewable energy in the power mix to exceed the baseline power mix offered by SDG&E, including the 100% Clean Energy goals set by the Partner's CAPs
- Provide competitive rates
- Provide local control over rate setting
- Provide customer choice to residents and businesses
- Reinvestment of residual revenue in local renewable power initiatives
- Promote and incentivize community-focused CCA programs which also support the Partners' CAP objectives

While the Partners have not yet officially adopted these CCA goals, they serve as the foundation for this Study. Once the Partners' CCA program goals are refined, adopted, and prioritized, modifications to this Study may be appropriate.

Study Methodology

This Study evaluates the estimated costs and resulting rates of operating a Partner CCA and compares these rates to a SDG&E rate forecast for the years 2021 through 2030. This pro forma financial analysis models the following cost components:

- Power Supply Costs:
  - Wholesale purchases
  - Renewable purchases
  - Procurement of resource adequacy (RA) capacity (System, Local and Flexible capacity products)
  - Other power supply and charges
- Non-Power Supply Costs:
  - Start-up costs
  - CCA staffing and administration costs
  - Consulting support
  - SDG&E and regulatory charges
  - Financing costs
- Pass-Through Charges from SDG&E:
  - Transmission and distribution charges
  - Power Charge Indifference Adjustment (PCIA)
  - Rule 20a - undergrounding

The information above is used to determine the projected retail rates for the CCA. The CCA rates are then compared to the SDG&E projected rates for the Partners' CCA service area. After these rate comparisons are made, the attendant economic development and GHG comparisons are made. Operational and governance options are discussed, as well as a sensitivity analysis of the key variables contained in the Study.

Study Organization

This Study is organized into the following main sections:

- Load Requirements
- Power Supply Strategy and Costs
- Partners' CCA Cost of Service
- Product, Service and Rate Comparisons
- Environmental/Economic Considerations
- Sensitivity Analysis
- CCA Governance
- Conclusions and Recommendations

Load Requirements

One indicator of the viability of a CCA for the Partners is the number of customers that participate in the CCA as well as the quantity and timing of energy these customers consume. This section of the Study provides an overview of these projected values and the methodology used to estimate them.

Historical Consumption

SDG&E provided hourly historical data on energy use (kWh) for customers receiving power supply services from SDG&E (bundled customers) in each of the three cities for the 2017 and 2018 calendar years. Bundled customers currently purchase the electric power, transmission and distribution from SDG&E. Direct Access (DA) customers buy only the transmission and distribution service from SDG&E and purchase power from an independent and competitive Electric Service Provider (ESP). In California, eligibility for DA enrollment is currently limited to non-residential customers and subject to a maximum allowable annual limit for new enrollment measured in gigawatt-hours of new load and managed through an annual lottery.[3] Customers classified as taking service under DA arrangements are not included in this Study, as it is assumed that these customers would remain with their current ESP.[4] Once operating, the CCA may decide to provide service options to DA customers with expired contracts, but our approach offers the most conservative analysis of feasibility and omits them from the Study.

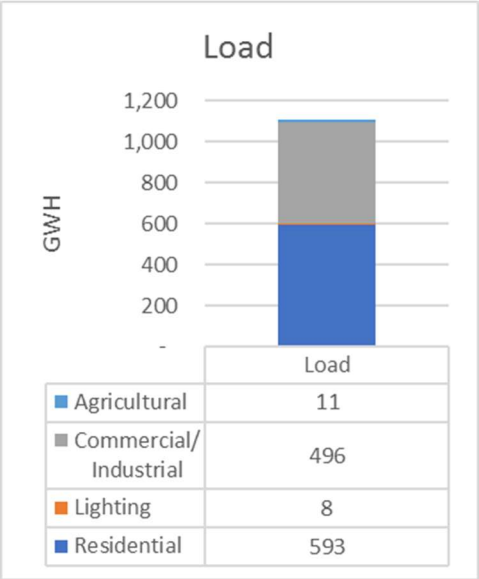
EES aggregated this data by rate class (residential, commercial, agricultural) in each month for bundled customers (full service SDG&E customers, excluding DA customers). In total, bundled residents and businesses within the three cities purchased 1,108 GWh of electricity in 2018 from SDG&E.

Exhibit 1 summarizes energy consumption and number of accounts for bundled customers in 2018.

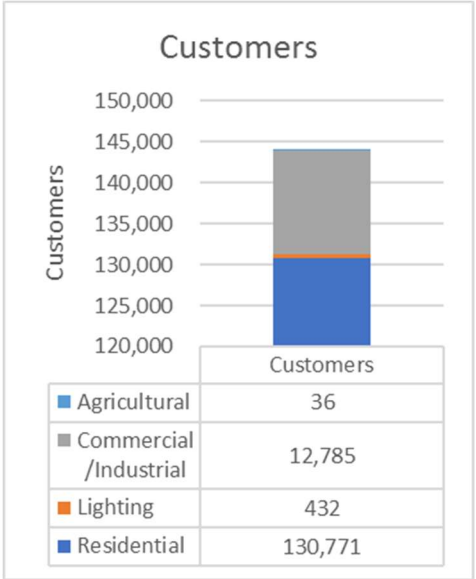
[3] S.B. 286 (CA, 2015-2016 Reg. Sess.)

[4] CPUC rulemaking to date has not addressed how vintage would be handled to DA customers that opt to switch to receive electric power from a CCA rather than their ESP. The most recent ruling on PCIA vintaging was issued on 10/5/2016: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M167/K744/167744142.PDF.

Exhibit 1
Load and Accounts in 2018 (Three Cities)



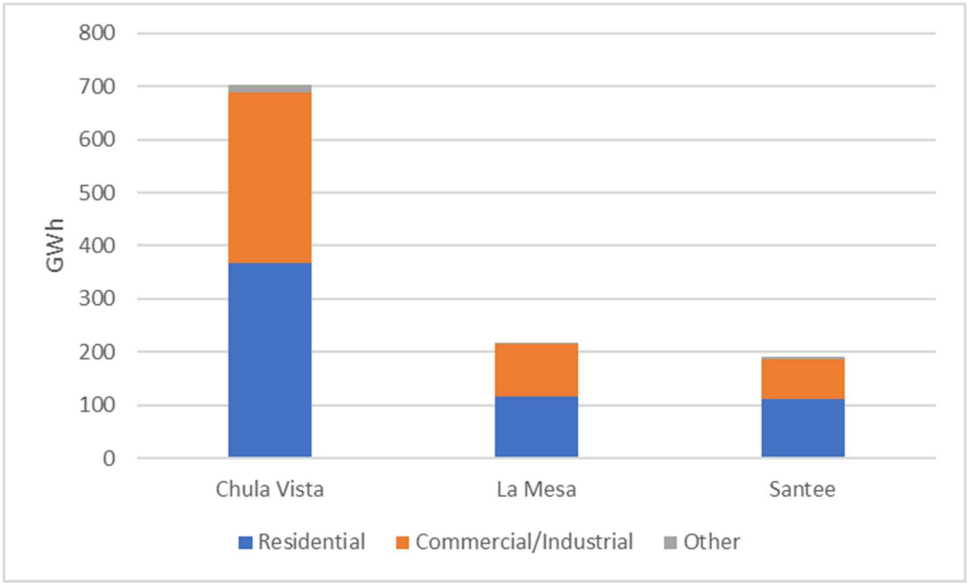
	Load
Agricultural	11
Commercial/ Industrial	496
Lighting	8
Residential	593



	Customers
Agricultural	36
Commercial /Industrial	12,785
Lighting	432
Residential	130,771

Exhibit 2 shows the aggregate amount of energy consumed in each of the Partner cities in 2018. Chula Vista has the highest consumption while residential and commercial[5] and industrial customers make up the majority of energy use across all cities.

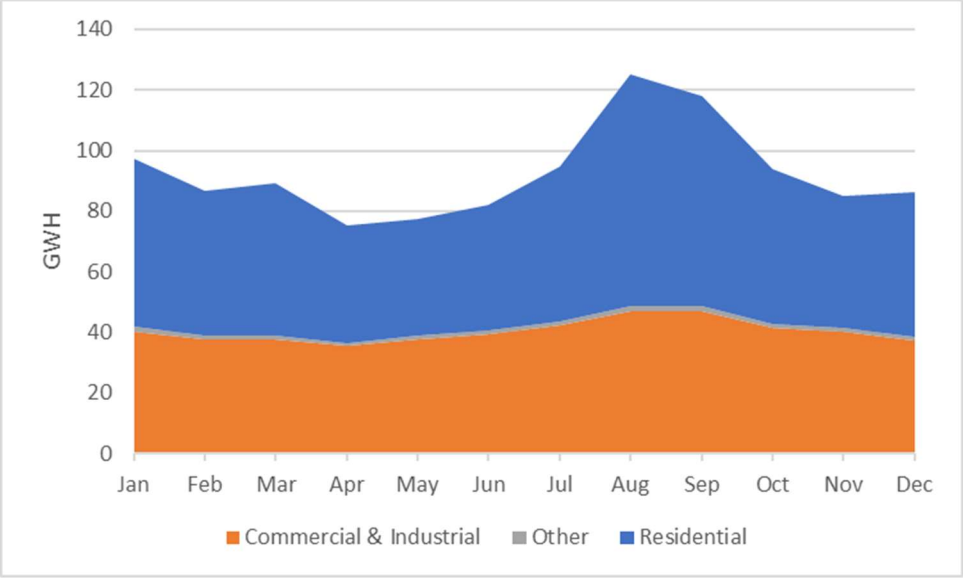
Exhibit 2
2018 Load by City



[5] A small commercial customer would typically be a convenient store or smaller office building, while a medium/large commercial customer might be a grocery store.

Monthly historic load from 2018 is shown in Exhibit 3. The timing of energy usage is important for estimating power supply costs to the CCA. Residential customers have the largest increase in summer load requirements due to space conditioning.

Exhibit 3
2018 Monthly Aggregated Partner Load



CCA Participation and Opt-Out Rates

Before customers are served by a CCA, they receive two notices with their monthly energy bills 60 days and 30 days before the CCA's launch, and another two notices 30 days and 60 days after the CCA launches. These notices provide information needed to understand the terms and conditions of service from the CCA and explain how customers can opt-out, if desired. Notices typically provide a rate comparison between the CCA and the IOU. All customers that do not follow the opt-out process specified in the customer notices prior to launch would be automatically enrolled into the CCA.[6]

As such, the Partners' CCA would provide a minimum of four opt-out notices to customers to notify and educate them about the CCA's product offerings and their option to opt-out. Customers automatically enrolled would continue to have their electric meters read and billed for electric service by SDG&E. The Partners' CCA bills processed by SDG&E would show separate charges for power supply procured by the CCA, all other charges related to delivery of the electricity by SDG&E and other utility charges that would continue to be assessed.

[6] Typically, this doesn't apply to DA customers as the CCA would assume that these customers are not interested in being served by the CCA unless otherwise confirmed prior to launching service.

This Study assumes an overall customer participation rate of 85% for the Commercial and Industrial accounts. For residential accounts, it is assumed that approximately 95% of customers would remain with the Partners' CCA. For commercial and industrial accounts, the participation rate is 85% which adjusts historic participation rates for the new cap on direct access.[7] These participation assumptions are conservative based on participation rates in other CCAs, however, this Study's sensitivity analysis tested CCA feasibility under higher opt-out scenarios. Operating CCAs in California have experienced overall participation rates ranging from 83% (Marin Clean Energy) to 98% (Peninsula Clean Energy). On average, 90% of all potential customers have stayed with their CCA.[8]

Conceptual CCA Launch

The California Public Utilities Commission (CPUC) issued Resolution 4723, which requires that new CCAs file their Implementation Plan by January 1, resulting in the earliest possible Partner CCA launch date of January 1 the subsequent year. Under this requirement, the Partners' earliest possible launch date is early 2021 if an Implementation Plan is filed by January 1, 2020. This Study assumes that service would be offered to all customers by April 2021 as outlined in Exhibit 4. A launch date in April is assumed based on analysis of cash flow requirements for start-up CCAs. The timing of revenue and SDG&E seasonal rates as well as power supply purchases and the seasonal nature of energy costs mean that a spring launch is preferred so that working capital requirements can be minimized. Additionally, SDG&E summer rates begin in June; in order to avoid customer confusion, CCA service should begin prior to the rate change which typically increases customer bills. Best practices for CCA launch indicate that the first CCA bill should be based on the lower winter rates.

[7] Opt-out rates were increased to account for a 16% increase in the amount of non-residential load that is allowed to move to direct access schedules. California Senate Bill 237: September 20, 2018. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB237

[8] Average opt-out rate determined based on published number of customers and opt-out rates of Marin Clean Energy, Peninsula Clean Energy, Sonoma Clean Power, Apple Valley Clean Energy, and Lancaster as found at the following document http://www.vvdailypress.com/news/20170818/apple-valley-choice-energy-prompts-thousands-of-customer-calls. Published 8/18/2017; accessed 2/15/2018.

Exhibit 4 CCA Customers, Loads, and Revenues					
Assumed Start	**Eligibility**	**Customer Accounts**	**Total Load (GWh)**	**Peak Demand (MW)**	**CCA Operating Revenues**
21-Apr	All Customers	138,327	768	256	$53 million
First Full Year of Operation: 2022	All Customers	138,958	1,032	257	$79 million

This launch strategy, would enable the Partners' CCA to provide service to all customers as soon as possible. The number of customers and projected total load is similar to the number of customers enrolled by other CCAs launching in a single phase,[9] therefore a phased rollout of the Partner CCA Program is not necessary.

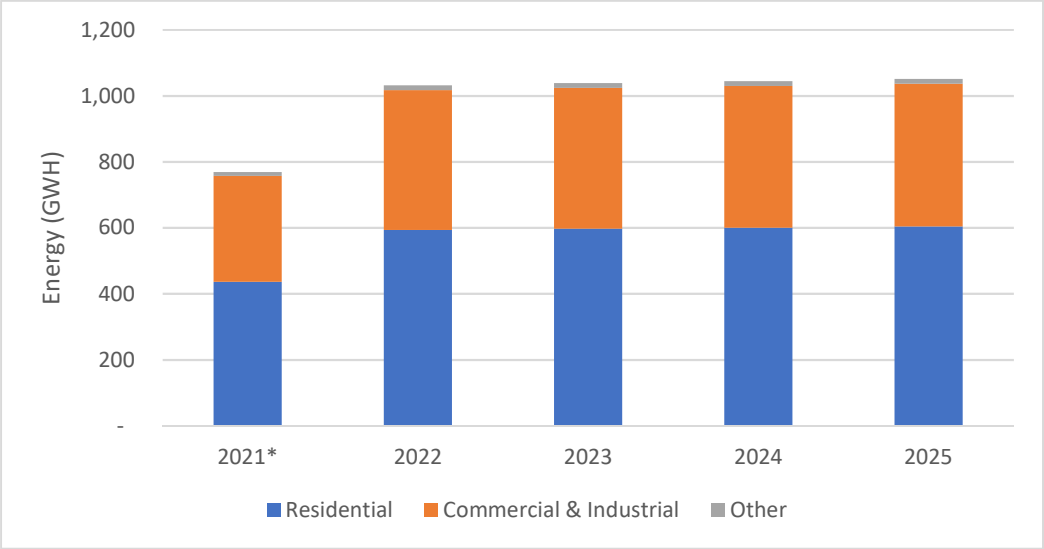
Forecast Consumption and Customers

The number of customers enrolled in the CCA and the retail energy they consume are assumed to increase at 0.62% per year. This forecast is selected as the midpoint based on the California Energy Commission's (CEC) mid-demand baseline forecasts for SDG&E service territory.[10] Peak demands are calculated using hourly consumption data provided by SDG&E. The forecast of load served by the Partners' CCA over the next five years is shown in Exhibit 5. The CCA forecast of GWh sales in Exhibit 6 reflects the single-phase roll-out and customer enrollment schedule discussed previously. Annual wholesale energy requirements are also shown below in Exhibit 6 ("Total Load" column).

[9] For example, Silicon Valley Clean Energy enrolled 180,000 residential customers and Monterey Bay Clean Energy enrolled 235,000 residential customers at one time.

[10] Growth rate applies to total SDG&E service area. http://www.energy.ca.gov/2017_energypolicy/documents/

Exhibit 5
Projected Load by Sector (Three Cities)[1]



*2021 loads are lower due to partial year beginning in April.

Exhibit 6 CCA Projected Annual Energy Requirements (GWh)			
Year	**Total Retail Sales**	**Losses[11]**	**Total Wholesale Load**
2021	769	35	804
2022	1,032	47	1,079
2023	1,038	48	1,086
2024	1,045	48	1,093
2025	1,051	48	1,100
2026	1,058	49	1,106
2027	1,064	49	1,113
2028	1,071	49	1,120
2029	1,078	50	1,127
2030	1,084	50	1,134

[11]Transmission and Distribution power losses were estimated at 4.6% based on the California Energy Commission's 2019 Integrated Energy Policy Report Docket Number 19-IEPF-03 Form 1.2.
https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=19-IEPR-03

Power Supply Strategy and Costs

This section of the Study discusses the CCA's resource strategy, projected power supply costs, and resource portfolios based on the Partners' CCA projected loads.

Long-term resource planning involves load forecasting and supply planning on a 10- to 20-year time horizon. Prior to launch, the Partners' CCA planners would develop integrated resource plans that meet the Partners' CCA Program supply objectives and balance cost, risk, and environmental considerations. Integrated resource planning also considers demand side energy efficiency, demand response programs, and non-renewable supply options. The Partners' CCA would require staff or a consultant to oversee planning even if the day-to-day supply operations are contracted to third parties. This staff or consultant would ensure that local preferences regarding the future composition of supply and demand side resources are planned for, developed, and implemented.

Resource Strategy

This Study assumes that the Partner CCA would be interested in minimizing overall community energy bills, achieving GHG emissions reductions, stimulating local economic development to achieve CAP goals, and meeting or exceeding the State's renewable energy requirements. The CCA can likely achieve these goals within 5 years by taking advantage of relatively low wholesale market prices and abundant GHG-free energy. As discussed in greater detail below, the CCA's electric portfolio would be guided by the CCA's policymakers with input from its scheduling coordinator and other power supply experts. The scheduling coordinator would obtain sufficient resources each hour to serve all of the CCA customer loads. The CCA policymakers would guide the power supply acquisition philosophy to achieve the CCA's policy objectives.

Projected Power Supply Costs

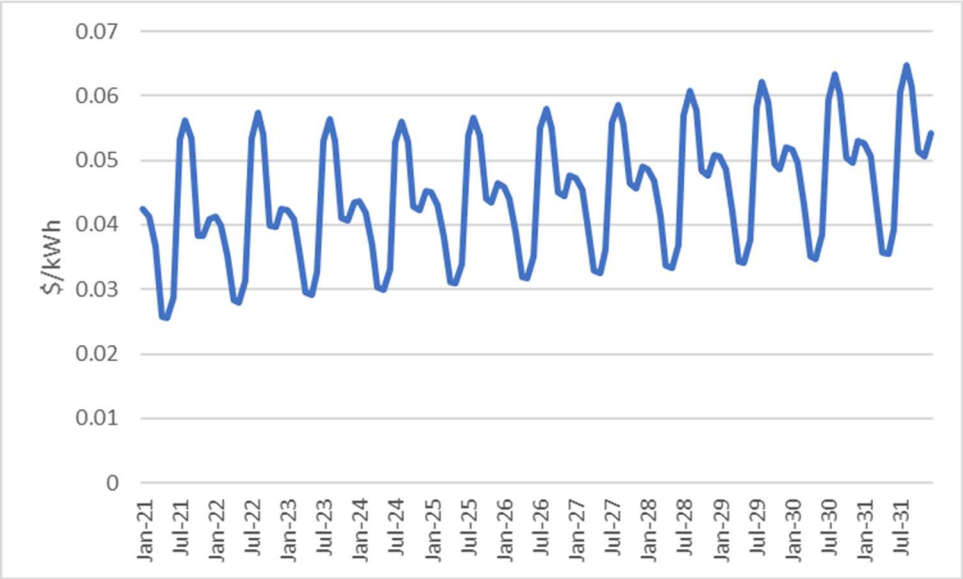
This Study presents the costs of renewable and non-renewable generating resources as well as power purchase agreements based on current and forecast wholesale market conditions, recently transacted power supply contracts, and a review of the applicable regulatory requirements. In summary, the CCA would need to procure market purchases, renewable purchases, ancillary services, resource adequacy, and power management/schedule coordinator services. The Study determines the base case (expected) assumption for each of these cost categories as well as establishing a high and low range for each to be used for the sensitivity analysis later in the report.

Market Purchases

Market prices for Southern California (referred to as SP15 prices) were provided by EES's subscription to a market price forecasting service, S&P Global. Exhibit 7 shows forecast monthly southern California wholesale electric market prices. The levelized value of market purchase

prices over the 10-year Study period is $0.0411/kWh (2019$).[12] Exhibit 7 shows the clear seasonal variability in prices each year, as well as the overall upward trend in prices.

Exhibit 7
Forecast Southern California Wholesale Market Prices



Wholesale market power prices have been used to calculate balancing market purchases and sales. When the CCA's loads are greater than its resource capabilities, the CCA's scheduling coordinator would schedule balancing purchases. When the CCA's loads are less than its resource capabilities, the CCA's scheduling coordinator would transact balancing sales and the CCA would receive market sales revenue. Balancing market purchases and sales can be transacted on a monthly, daily and hourly basis, as needed.

Renewable Energy

The wholesale market prices shown above in Exhibit 7 are for non-renewable power (i.e., this product does not come with any renewable attributes). The cost of renewable resources varies greatly. Wind and solar levelized project costs vary from $0.028 to $0.060/kWh. Geothermal project costs can vary from $0.070 to $0.100/kWh. While geothermal projects have higher cost, they also have higher capacity factors than wind and solar projects and, as such, can bring additional value to the CCA as baseload resources. Geothermal resources also bring value from a resource adequacy perspective. The availability of geothermal, off-shore wind and ocean power in the marketplace is fairly minimal, so these resources were not included in this assessment of renewable energy market prices. Similarly, eligible renewable hydropower projects were not included in the renewable portfolio pricing as these projects are minimally

[12] Levelized prices over the study period consider projected prices discounted at a 4% rate. Levelizing is a form of averaging that considers the time value of the study period.

available. Once established, a CCA would conduct an integrated resource plan and issue requests for proposals for the resulting resources. These resources may include geothermal and eligible hydro projects depending on the resource plan results.

This Study assumes a renewable energy market price of $0.050/kWh for a blend of short-term and long-term wind and solar resource contracts, based on a survey of renewable resources currently in operation and new projects coming on-line. It is assumed that long-term renewable energy contract prices will be stable, at around $0.035/kWh, for the 20-year Study period to balance the influence of two trends. First, renewable energy prices are being driven down by the rapidly declining cost of solar and wind projects. This trend has persisted over the past several years and is expected to continue over the Study's forecast period. However, this trend is expected to be balanced out by the impact of increasing statewide demand for renewables as a result of California's renewable portfolio standards (RPS) laws and changes in Federal tax laws. These assumptions regarding renewable energy prices have been reflected in current market trends in southern California.

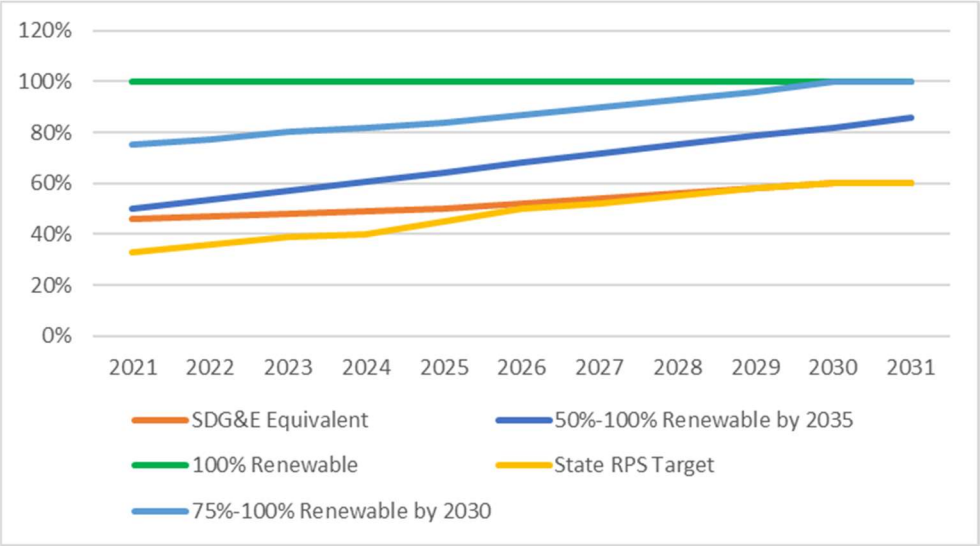
Per SB 100 and SB 350, RPS compliance requirements are 33% in 2020 and growing again to 60% in 2030. But, at a minimum, renewable energy procurement that matches SDG&E's plan is recommended. To provide information about the cost difference between renewable resource portfolios, this Study analyzes the following 4 portfolio scenarios:

1) **Scenario 1 - SDG&E-Equivalent Renewable:** Achieve between 46% and 59% renewables in 2021 through 2029, based on SDG&E planned renewable energy procurements. Achieve 60% renewables beginning in 2030.
2) **Scenario 2 - 50% Renewable at Launch, with 100% by 2035:** 50% of retail loads are served with RPS-qualifying renewable resources beginning in 2021, growing to 90% by 2030 and 100% in 2035 and after.
3) **Scenario 3 - 75% Renewable at Launch, with 100% by 2030:** 75% of retail loads are served with RPS-qualifying renewable resources beginning in 2021, growing to 80% by 2025 and 100% in 2030 and after.
4) **Scenario 4 - 100% Renewables Portfolio at Launch**: 100% of retail loads are served with RPS-qualifying renewable resources in all years.

The resource portfolios will be discussed in greater detail in the "Resource Portfolios" section below. It should be noted that the CCA policymakers (Partner JPA Board) may opt for other resource portfolios but those selected above should give the Partners a sound basis for evaluating other portfolio options.

The renewable energy targets of the four portfolios included in the power cost model are shown below in Exhibit 8. For comparison, the state RPS requirement is also presented in Exhibit 8. All power supply portfolios meet the RPS requirement outlined in SB 100 and SB 350. The SDG&E Portfolio is based on both current and forecast power content assuming SDG&E would sell excess RPS-qualifying resources in the event of significant load loss that would result should more cities within its service territory form CCAs.

Exhibit 8
Renewable Energy Purchase Scenarios Compared to the RPS Requirement[13]



Renewable Energy Credits (RECs)

In addition to direct purchases of renewable power, renewable energy credits (RECs) are an alternative for meeting RPS requirements. RECs are measured in MWh (energy = 1 MWh= 1 REC). These signify the renewable attributes of RPS-qualifying resource output. RECs undergo certification through WREGIS, a tracking system that determines for which Western states the RECs are qualified. RECS are transacted through WREGIS and retired as they are used to meet state RPS requirements.

Use of RECs are highly restricted and are not always the best alternative. California load serving entities (LSE)[14] must purchase bundled energy and/or RECs that meet certain eligibility requirements across three Portfolio Content Categories (PCC) or buckets. Each of the buckets represents a different type of renewable product that can be used to meet up to a specific percent of the total procurement obligation during a compliance period. The permitted percentage shares of each bucket type changes over time. The three buckets and the type of energy included in each bucket can be summarized as follows:

- **Bucket 1**: Bundled renewable resources and RECs – either from resources located in California or out-of-state renewable resources that can meet strict scheduling requirements ensuring deliverability to a California Balancing Authority (CBA);

[13] http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M158/K845/158845742.PDF

[14] Load serving entities include entities that serve retail load, including IOUs, CCAs, and public utilities including municipal utilities.

- **Bucket 2**: Renewable resources that cannot be delivered into a CBA without some substitution from non-renewable resources[15]. This process of substitution is referred to as "firming and shaping" the energy. The firmed and shaped energy is bundled with RECs.

- **Bucket 3**: Unbundled RECs, which are sold separately from the electric energy.[16]

Under the current guidelines,[17] the amount of RECs that can be procured through Buckets 2 and 3 is limited and decreases over time. SBX1 2 (April 2011) established a 33% RPS requirement for 2020 with certain procurement targets prior to 2020. SB350 (October 2015) increased the RPS requirement to 50% by 2030. Finally, in 2018, the RPS for 2030 was increased to 60% (SB100). The share of renewable power that can be sourced from Bucket 2 or 3 energy after 2020 is expected to be the same as the 2020 required share of total RPS procurement.[18] All power supply portfolios are modeled to meet the relevant state mandates. All load serving entities face the same mandates and resource choices.

Purchasing unbundled RECs from existing renewable resources does not increase the amount of renewable projects in the State. In addition, the REC market is not as liquid as it once was. For these reasons, this Study does not rely on unbundled REC purchases to meet renewable energy purchase requirements under the RPS.

However, in practice, small quantities of unbundled RECs may be used to balance the CCA's annual renewable energy purchase targets with the output from renewable resources. Due to the variable size and shape of the renewable energy purchases, the annual modeled renewable energy purchases do not typically match up perfectly with annual renewable energy purchase targets. In some years there are small REC surpluses, and, in others, there are small REC deficits. These surpluses and deficits can be balanced out using small unbundled REC purchases and sales. This methodology was used in order to simplify the modeling. In reality, small REC surpluses and deficits would most likely be handled by banking RECs between years. Unbundled REC prices are assumed to increase from $19.50/REC in 2020 to $24.86 in 2030 (2.5% annual escalation).

[15] This may occur if a California entity purchases a contract for renewable power from an out of state resource. When that resource cannot fulfill the contract, due to wind or sun intermittency for example, the missing power is compensated with non-renewable resources.

[16] For example, a small business with a solar panel has no RPS compliance obligation, so they use the power from the solar panel, but do not "retire" the REC generated by the solar panel. They can then sell the REC, even though they are not selling the energy associated with it.

[17] California Public Utility Code §399.16

[18] California Public Utilities Commission Final Decision, 12/20/2016, accessed at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M171/K457/171457580.PDF, on 1/19/2017. 75% of the RPS procurement must be Bucket 1 resources and less than 10% of the RPS procurement can come from Bucket 3 resources.

Ancillary Service Costs

The CCA would need to pay the California Independent System Operator (CAISO) for transmission congestion and ancillary services associated with its power supply purchases. Transmission congestion occurs when there is insufficient capacity to meet the demands of all transmission customers. Congestion is managed by the CAISO by charging congestion charges in the day-ahead and real-time markets. The Grid Management Charge (GMC) is the vehicle through which the CAISO recovers its administrative and capital costs from the entities that utilize the CAISO's services.

In addition, because generation is delivered as it is produced and, particularly with respect to renewables, can be intermittent, deliveries need to be firmed using ancillary services to meet the CCA's load requirements. Ancillary services and products need to be purchased from the CAISO based on the CCA's total loads requirement. Based on a survey of transmission congestion and ancillary service costs currently paid by CAISO participants, the ancillary service costs are estimated to be approximately $.003/kWh, escalating by 20% annually through 2026 and then at escalating by 5% annually for the rest of the study period. Ancillary service costs are expected to increase significantly as California works toward the RPS requirements over the next 10 years. The case where power supply costs are significantly higher due to ancillary cost escalation is explored in the risk assessment.

Resource Adequacy

In addition to purchasing power, the CCA would also need to demonstrate it has sufficient physical power supply capacity to meet its projected peak demand plus a 15% planning reserve margin. This requirement is in accordance with RA regulations administered by the CPUC, CAISO and the CEC. In addition, the CCA must meet the local and flexible resource adequacy requirements set by the CPUC, CAISO and CEC every year. The CPUC's resource adequacy standards applicable to a CCA require several procurement targets. CCAs must secure the following three types of capacity and make it available to the CAISO:

- System capacity is capacity from a resource that is qualified for use in meeting system peak demand and planning reserve margin requirements;
- Local capacity from a resource that is located within a Local Capacity Area and that is capable of contributing to the capacity requirement for that particular area; and
- Flexible capacity is from a resource that is operationally able to respond to dispatch instructions to manage variations in load and variable energy resource output.

The CPUC undertakes annual policy changes to the RA program, so these requirements may change by the time program launch occurs. Different types of resources have different capacity values for RA compliance purposes, and those values can change by month. Moreover, recent rule changes have reduced the RA values for wind and solar resources as more of these technologies are added to the system. As such, other types of renewables, including geothermal

and biomass, could have an overall better value in the portfolio compared to relying on RA solely from gas-fired resources.

Power Management/Schedule Coordinator

Given the likely complexity of the CCA's resource portfolio, the CCA would want to engage an experienced scheduling coordinator to efficiently manage the CCA's power purchases and wholesale market transactions. The CCA's resource portfolio would ultimately include market purchases, shares of some relatively large power supply projects, as well as shares of smaller, most likely renewable resources with intermittent output. Managing a diverse resource portfolio with metered loads that will be heavily influenced by distributed generation may be one of the most important and complex functions of the CCA.

The CCA should initially contract with a third party with the necessary experience (proven track record, longevity and financial capacity) to perform most of the CCA's portfolio operation requirements. This would include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading.

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of the CCA customers.

- *Risk Management* – standard industry risk management techniques would be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.

- *Load Forecasting* – develop accurate load forecasts, both long-term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.

- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO, with related back office functions to confirm SDG&E billing to customers.

The Partners' CCA should approve and adopt a set of protocols that would serve as the risk management tools for the CCA and any third-party involved in the CCA portfolio operations. Protocols would define risk management policies and procedures, and a process for ensuring compliance throughout the CCA. During the initial start-up period, the chosen electric suppliers would bear the majority of risk and be responsible for managing those risks. The protocols that cover electricity procurement activities should be developed before operations begin.

Based on conversations with scheduling coordinators currently working within the CAISO footprint, the estimated cost of scheduling services is in the $0.0001 to $0.00025/kWh range for

large operating CCAs. This Study very conservatively assumes a cost of $0.0005/kWh, escalating at 2.5% annually, in all portfolios as a starting cost. Over time, as the CCA is operating, it is expected that the scheduling costs will decline to the $0.0002/kWh range.

Resource Portfolios

Projected power supply costs were developed for four representative resource portfolios. Portfolios are defined by two variables:

(1) the share of renewable energy in the power mix (per the "Renewable Energy" discussion above), and
(2) the share of resources that are GHG-free in the power mix.

Renewable resources refer to resources that qualify under State and Federal RPS, such as solar and wind power. GHG-free power refers to energy sourced from any non-GHG emitting resource, including both the RPS-compliant sources mentioned above as well as nuclear power and large hydroelectric power. For this Study, no nuclear resources were included in the resource portfolio analysis.

SDG&E's resource portfolio in 2017 included 44% renewable energy resources, 39% natural gas resources as well as 17% unspecified (market) purchases. In 2017, SDG&E's resource portfolio was 44% GHG-free. As the amount of load served by renewable resources increases each year, so too would the amount of load served by GHG-free resources.

In each of the portfolio scenarios the share of GHG-free energy is equal to the share of eligible renewable power content. When a 100% renewable portfolio is assessed, market transactions for energy are required to balance load. In these cases where non-renewable energy is purchased at the market, the CCA pays a premium for market Power Purchase Agreements (PPAs) sourced to GHG-free resources. A calendar year 2020[19] GHG-free premium of $0.004/kWh was assumed based on a survey of other CCA GHG-free energy purchases. The GHG-free premium is assumed to escalate annually by 5%. Given the assumed escalation rate, the premium paid for GHG-free power increases from $0.004/kWh in 2020 to $0.01/kWh in 2030.

Resource Options

For each of the resource portfolios, a combination of resources has been assumed in order to meet the renewable energy and GHG-free targets, resource adequacy targets, and ancillary and balancing requirements. The mix of resources included in each portfolio are for analytical purposes only. The CCA should be flexible in its approach to obtaining the renewable and non-renewable resources necessary to meet these requirements.

[19] Forecasts may have different base years, in the analysis all costs are escalated to begin in 2021.

Exhibit 9 shows the 20-year levelized resource costs used in this Study. It compares the costs of wholesale market power prices, a PPA tied to the wholesale market power prices, and the four portfolios evaluated in the Study.

Exhibit 9
20-Year Base Case Levelized Resource Costs
(2018 $/kWh)

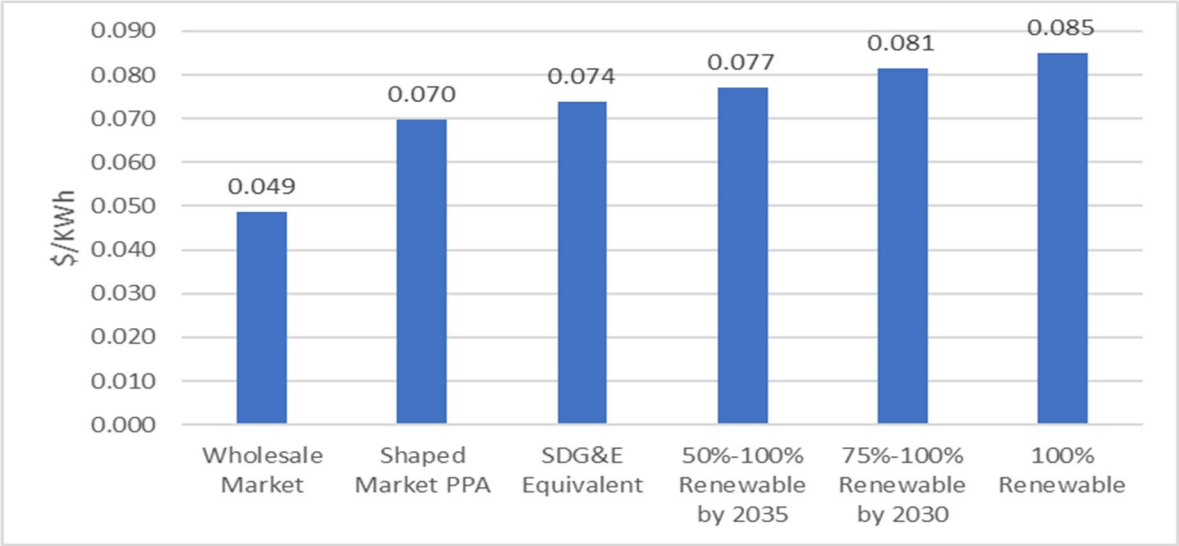


Exhibit 9 above shows a 20-year levelized price of near $0.074/kWh under the SDG&E Equivalent Renewable, about $0.077/kWh for Scenario 2 - 50% to 100% Renewable by 2035 Portfolio, near $0.081/kWh for Scenario 3 - 75% to 100% by 2030 Portfolio, and a price of near $0.085/kWh under Scenario 4 - 100% Renewable Portfolio. The higher price in Scenario 4 - 100% Renewable Portfolio is in recognition of the fact that the CCA may have to sign contracts for higher priced renewables in order to find a sufficient supply of renewables to meet the higher targets. The levelized resource costs shown above are for power only and do not include any ancillary services, scheduling or other costs.

Exhibit 9 also shows both spot wholesale market cost at $0.049 per kWh and market PPA cost at $0.07 per kWh. Market PPA costs are greater than spot wholesale market costs in recognition of the cost of the PPA supplier absorbing the market fuel price risk associated with providing a long-term PPA contract price.

The capacity factor for market PPA purchases is assumed to be 100% (flat monthly blocks of power). Capacity factor is equal to average monthly generation divided by maximum hourly generation in a given month. A 100% capacity factor implies that the same amount of power was purchased or generated each hour. The average monthly capacity factor for renewable resources and local renewables is assumed to be 33% based on the capacity factors of existing renewable resources operating in California.[20]

[20] Wind resource capacity factors for new projects range from 28-40%, Solar capacity factors average 50% annually.

On a $/watt basis, the cost of smaller scale solar projects is greater than the cost of large-scale solar projects. It is expected that the cost of smaller local renewable resources is $0.065/kWh based on information related to recent projects. The advantage of local renewable projects is lower transmission costs, less transmission loss, and less stress on the congested transmission grid.

The renewable energy requirements in the State's RPS are based on retail energy sales. Retail energy refers to the amount of energy sold to customers as opposed to the amount of energy purchased from generation sources (wholesale energy). Wholesale energy purchases must always exceed retail energy sales to account for transmission and distribution system losses. To be consistent, it was assumed that the renewable energy targets included in the portfolios apply to retail energy sales.

Renewable PPA Pricing

Short-Term Renewable Energy Contract Price

Short-term contracts have a term of one to three years. Short-term contract prices include two components: a price for energy that is based on forward wholesale market prices and a price for Renewable Energy Credits (RECs). The Study's assumes that RECs are priced at $19.50/REC for bucket 1 RECs and $7.75/REC for bucket 2 RECs (1 REC = 1 MWh). Bucket 1 were assumed to escalate at 2.4 percent annually and bucket 2 REC prices were assumed to escalate at 5.75 percent annually. The forecast also assumes that 75 percent of RECs acquired under short-term renewable contracts were bucket 1 RECs. Given these assumptions, the short-term renewable contract price escalated from $56/MWh in 2021 to $65/MWh by 2030. This pricing is used for short-term renewable energy contracts in all cases in this study.

Long-Term Renewable Energy Contract Price

The Study includes a long-term renewable PPA fixed contract price of $35/MWh (all years) based on recent transactions. The $35/MWh assumption is conservative as other CCAs are currently signing PPAs with flat contract prices in the range of $28-$32/MWh for solar and wind respectively.

The power supply costs are based on 65% of the RPS requirement purchased via the lower-cost long-term contracts beginning in 2021 to meet SB 350 requirements. As the CCA continues to operate, it is assumed that the share of the lower-cost contracts would increase over time to 75% by 2030.

Scenario 1: SDG&E-Equivalent Renewable Portfolio

In this portfolio, the renewable energy purchases match the expected SDG&E renewable share

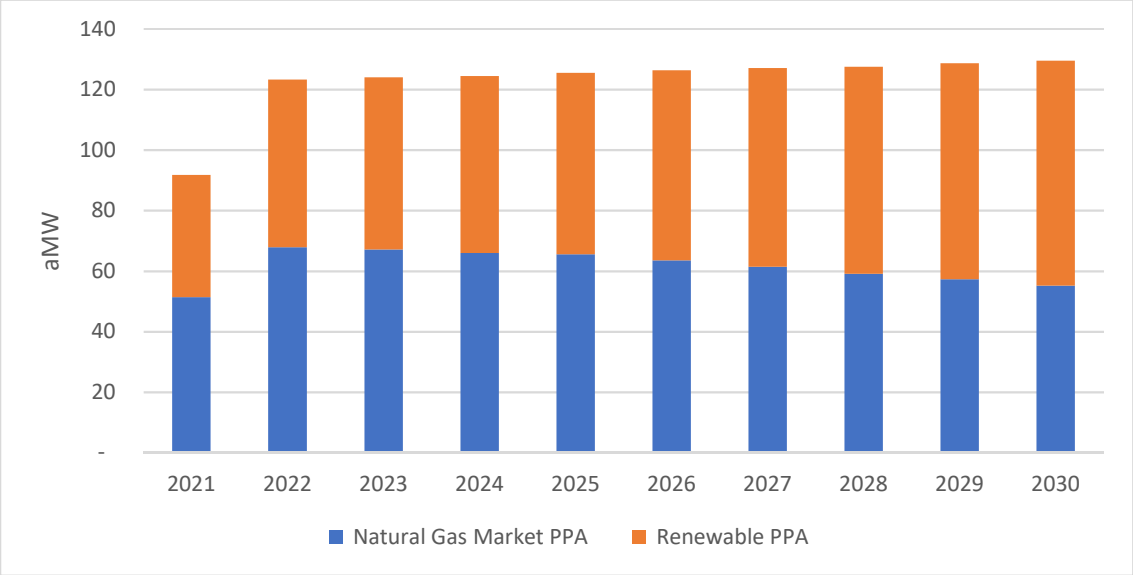
based on recent information.[21]

For energy requirements in excess of the CCA's renewable energy requirement or goal, market purchases are made. For this Study's purposes, market purchases are assumed to be sourced from non-renewable generating facilities which are most likely natural gas resources. In reality the market purchases might be from several resources including renewable energy.

The Renewable PPA energy is the sum of all short-term and long term PPA purchases. In addition, this category may also include market purchases plus the GHG-free premium (large hydropower) plus Bucket 2 RECs. This last type of purchase is reserved for energy balancing only as it is assumed most of the renewable energy requirement or goals are met through specific renewable contracts.

In Exhibit 10, the orange bars show renewable energy purchases (46% to 60%). Renewable energy purchases in 2021 through 2023 are greater than the RPS minimum requirement of 33%. Note that loads during the first year of operation are lower due to an April start date. The first full year of CCA service is 2022.

Exhibit 10
Scenario 1: SDG&E-Equivalent Renewables Portfolio (aMW)



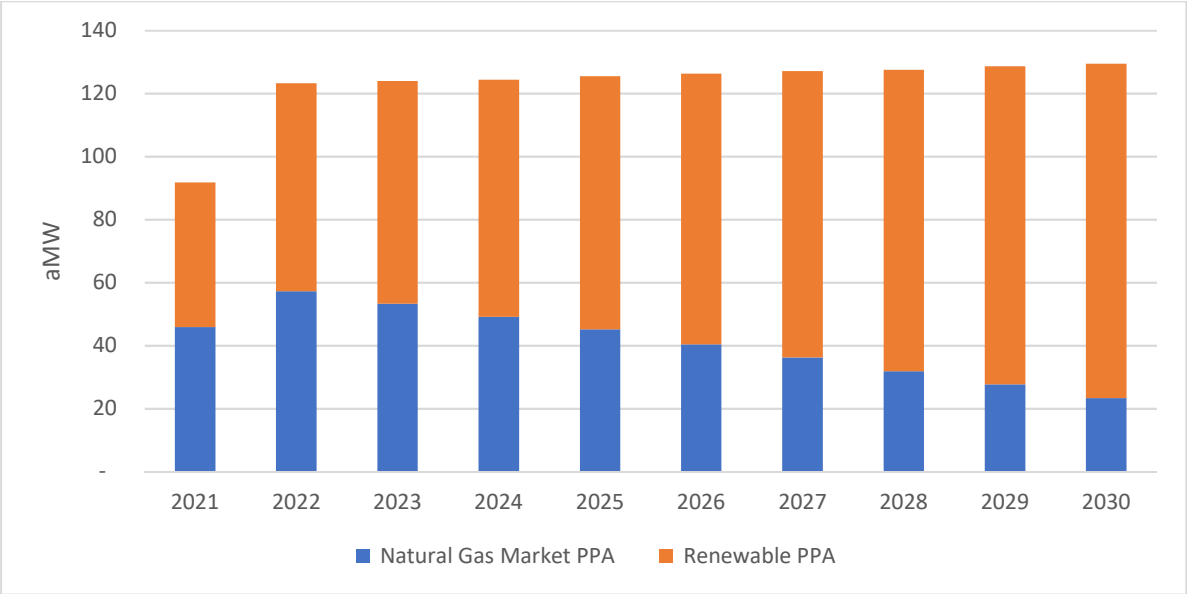
*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

Scenario 2: 50% Renewable at Launch to 100% Renewable by 2035 Portfolio

In this portfolio, a minimum of 50% of retail load is served by renewable resources beginning in 2021 growing to 86% through 2030 and 100% by 2035. Exhibit 11 illustrates this portfolio.

[21] http://www.energy.ca.gov/pcl/labels/2017_index.html

Exhibit 11
Scenario 2: 50% Renewable at Launch to 100% Renewable by 2035 Portfolio (aMW)

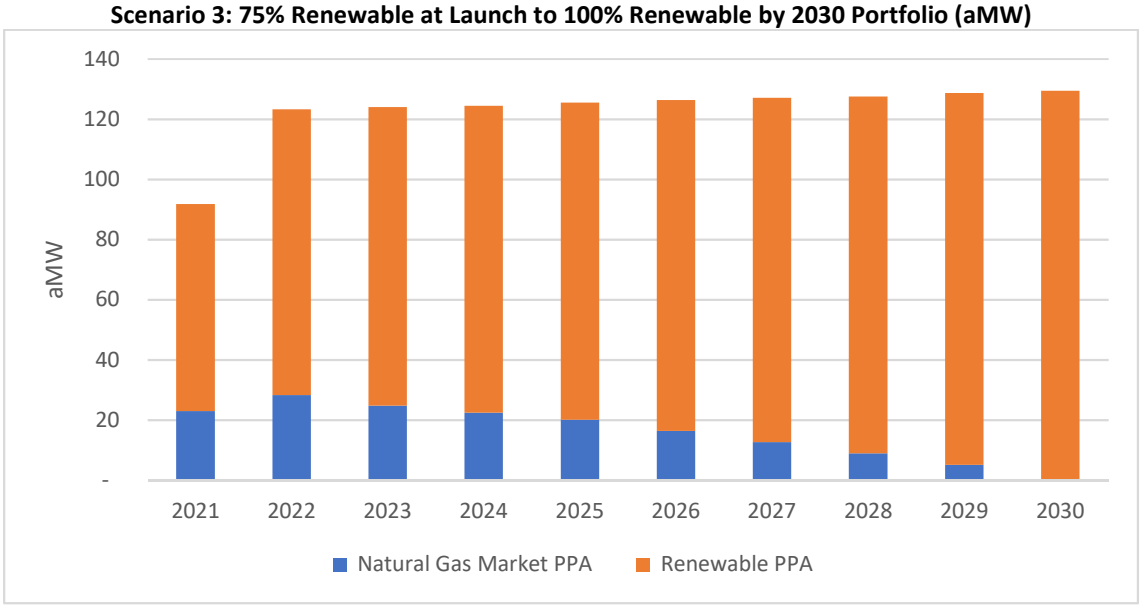


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

Scenario 3: 75% Renewable at Launch to 100% Renewable by 2030 Portfolio

In this portfolio, a minimum of 75% of retail load is served by renewable resources beginning in 2021 growing to 84% through 2025 and 100% by 2030. Exhibit 12 illustrates this portfolio.

Exhibit 12
Scenario 3: 75% Renewable at Launch to 100% Renewable by 2030 Portfolio (aMW)

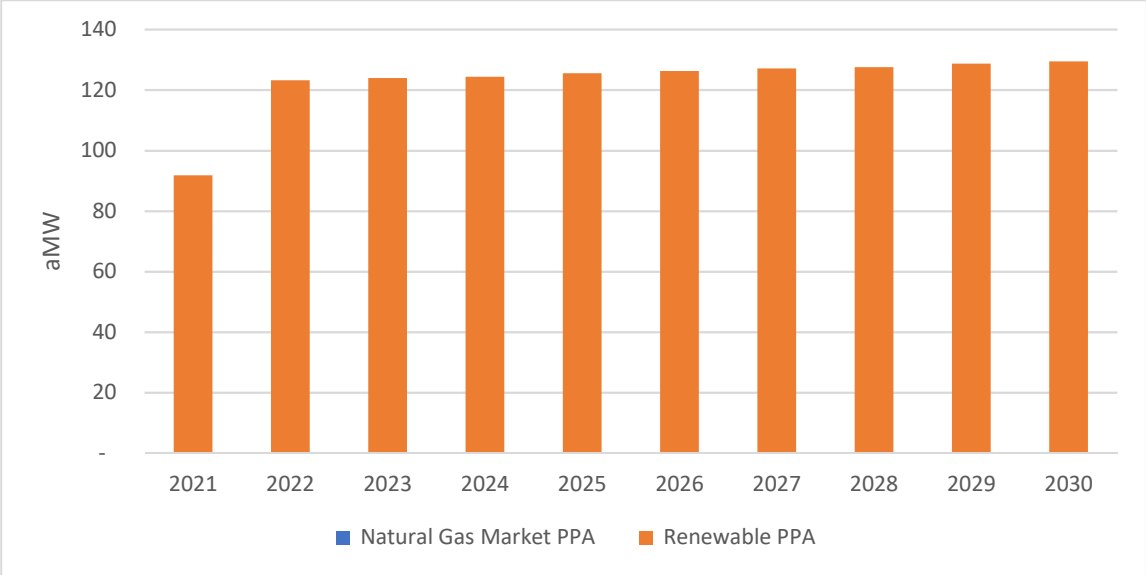


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

Scenario 4: 100% Renewable Portfolio

In this portfolio, 100% of retail load is served by renewable resources in all years. As shown below in Exhibit 13 renewable energy purchases are the majority of the portfolio where market PPAs and GHG-Free Market PPAs are used only for load following.

Exhibit 13
Scenario 4: 100% Renewable Portfolio (aMW)

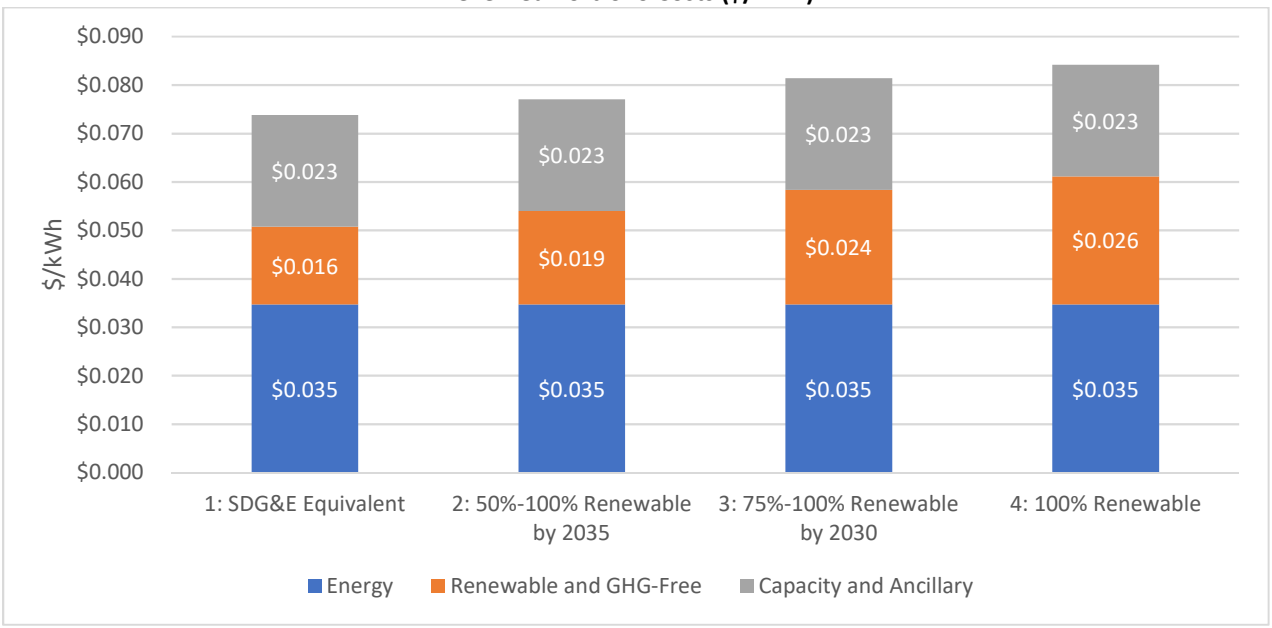


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

20-Year Levelized Portfolio Costs

The 20-year levelized costs have been calculated based on the assumptions detailed above regarding resource costs and resource compositions under the three portfolios. Exhibit 14 shows a breakdown of power, ancillary service and scheduling costs associated with each portfolio.

Exhibit 14
Levelized Portfolio Costs ($/kWh)



As shown above, power costs under the four portfolios considered are fairly similar except for the 100% renewable portfolio. There is not a large variance in power costs between these portfolios because the majority of power is supplied by market PPAs and renewable energy purchases, which are very close in cost.

Resource Strategy

The Partners' electric portfolio may be managed by a third-party vendor, at least during the initial implementation period. Through a power services agreement, the Partners can obtain full service requirements electricity for its customers, including providing for all electric, ancillary services and the scheduling arrangements necessary to provide delivered electricity.

After operations have begun, the Partners could decide to sign long-term PPAs, which could minimize the CCAs exposure to market prices and provide the CCA with the ability to increase the renewable percentage over time. Additionally, it is recommended that the Partners engage with a portfolio manager or schedule coordinator, who has expertise in risk management and would work with the CCA to design a comprehensive risk management strategy for long-term operations. A portfolio manager or schedule coordinator would actively track the CCA's portfolio and implement energy source diversification, monitor trends and changes in economic factors that may impact load, and identify opportunities for dispatchable energy storage systems or automatic controls for managing energy needs in real-time with the CAISO.

Once operational, the CCA will be subject to energy storage targets under AB 2514. The California Energy Storage Bill, AB 2514, was signed into law in September 2010 and established energy storage targets for IOUs, CCAs, and other LSEs in September 2013. The applicable CPUC decision established an energy storage procurement target for CCAs and other LSEs equal to 1% of their forecasted 2020 peak load.[22] The decision requires that contracts be in place by 2020 and projects be installed by 2024. The feasibility study assumes storage projects would be funded from New Programs funds. Due to the start-up nature of the Partner's CCA program it is assumed that storage projects will be contracted with by the end of 2021.[23] Additionally, the Partner CCA would need to procure 65% of the RPS requirement via long-term contracts of 10 or more years.

[22] http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M078/K912/78912194.PDF

[23] Based on incremental storage project costs ranging from $10 to $80/kWh, the cost to meet this requirement is estimated in the range of $25,000 to $400,000 per year for the Partners together.

May 2017, NextEra Energy entered into a 20-year PPA with Tucson Electric Power to finance a 100 MW solar array paired with a 30 MW/120 MWh energy storage system—the agreed-upon price was $45/MWh. In December 2017, Xcel Energy's Colorado utility subsidiary announced the results of a recent solicitation where the median bid price for solar-plus-storage projects was $36/MWh and the median bid price for wind-plus-storage projects was $21/MWh. https://www.eia.gov/analysis/studies/electricity/batterystorage/pdf/battery_storage.pdf

Cost of Service

This section of the Study describes the financial pro forma analysis and cost of service for a CCA for the Partners. It includes estimates of staffing and administrative costs, consultant costs, power supply costs, uncollectable charges, and SDG&E charges. In addition, it provides an estimate of start-up working capital and longer-term financial needs.

Cost of Service for Partners CCA Operations

The first category of the pro forma analysis is the cost of service for operations under a Partner CCA. To estimate the overall costs associated with CCA operations, the following components have been included:

- Power Supply Costs
- Non-Power Supply Costs
  - Staffing
  - Administrative costs
  - Consulting support
  - SDG&E billing and metering charges
  - Uncollectible costs
  - Reserves
  - New programs funding
  - Financing costs
- Pass-Through Charges from SDG&E
  - Transmission and distribution charges
  - Power Charge Indifference Adjustment (PCIA)
  - Undergrounding fees

Once the costs of CCA operations have been determined, the total costs can be compared to SDG&E's projected rates. A detail of the various non-power supply costs is included in Appendix C.

Power Supply Costs

A key element of the cost of service analysis is the assumption that electricity would be procured under a power purchase agreement (PPA) for both renewable and non-renewable power for an initial period. Power supply would likely be obtained by the CCA's procurement consultant prior to commencing operations. The products and services required from the third-party procurement consultant are energy, capacity (System, Local and Flexible RA products), renewable energy, GHG-free energy, load forecasting, CAISO charges (grid management and congestion), and scheduling coordination.

The calculated 20 year levelized cost of electric power supply, including the cost of the scheduling coordinator and all regulatory power requirements, is estimated between $0.075 and $0.082 per kWh as discussed in the previous chapter. This price represents the price needed to meet the load requirements of the CCA customers while meeting required regulations (SB 350 and SB 100) and objectives of the CCA. The variation in price is a function of the desired level of renewable resources.

Three power supply scenarios are modeled for this Study have been discussed in previous sections. As a reminder the scenarios are:

(1) SDG&E Renewable Equivalent
(2) 50% Renewable at Launch and 100% Renewable by 2035
(3) 75% Renewable at Launch and 100% Renewable by 2030
(4) 100% Renewable

Non-Power Supply Costs

While power supply costs would make up the vast majority of costs associated with operating a Partners CCA (roughly 90-95% depending on the portfolio scenario), there are additional cost components that must be considered in the pro forma financial analysis. These additional non-power supply costs are summarized in Exhibit 15 and then described below.

Exhibit 15 2021 Non-Power Supply Costs and Reserves $millions	
Staffing	$ 1.61
General & Administrative Expenses	$ 0.22
Consulting Services	$ 1.17
Billing & Data Management	$ 1.56
SDG&E Fees	$ 0.63
Uncollectible	$ 0.11
Financial Reserves	$10.90
Debt Service	$ 2.10
Total	$18.30

Estimated Staffing Costs

Staffing is a key component of operating a CCA. This Study assumes the Partners will proceed with the JPA operating model. All staffing costs for the Partner CCA are shown in Exhibit 16.

The Partners' CCA would have discretion to distribute operational and administrative tasks between internal staff and external consultants in any combination. For this Study, a full staffing scenario is modeled in the analysis. A minimum staff scenario would rely on a few dedicated staff members and the use of technical consultants for support. If the CCA finds that there are cost

savings for a minimal staff organization, the results of the feasibility would improve. The staffing assumptions are provided below.

Full Staff Scenario

Exhibit 16 provides the estimated staffing budgets for a full staff CCA scenario for the start-up period (Pre-launch in 2020 through full operating in 2021). Staffing budgets include direct salaries and benefits. Prior to program launch, it is assumed that an operating team would be employed per the example of other CCAs in California thus far to implement the launch of a CCA program. This operating team typically includes an Executive Director, a Director of Administration and Finance, a Communication Outreach Manager and a Director of Power Resources. The remaining functions would be filled as quickly as possible.

Exhibit 16
CCA Staffing Plan

CCA Staff Positions	2021 Launch*	2022
Executive Director	1	1
Director of Marketing and Public Affairs	1	1
Account Service Manager	1	1
Account Representative	1	1
Communication Outreach Manager	1	1
Communication Specialist	1	1
Director of Power Resources	1	1
Power Resource Analyst	1	1
Power Supply Compliance Specialist	1	1
Administrative Assistant	1	1
Total Number of Employees	**10**	**10**
Total Staffing Costs	$1,613,000	$1,892,000

*Represents only partial operating year (April through December).

Based on this staffing plan, the Partners' CCA would initially employ four staff members. Once the CCA launches, it is anticipated that staffing would increase to approximately 10 employees within the first year of operation. It should be noted that if the Partners choose to join the Regional CCA, there would likely be some economies of scale savings for overhead such as staffing. A large CCA program such as the City of San Diego or Clean Power Alliance typically has at least 20 full time employees.[24] Even with a greater number of dedicated staff, the administration costs on a $/kWh basis are expected to further decrease the CCA rates from a 2% discount to a 3% discount off the forecast SDG&E rates.

[24] City of San Diego Business Plan

General and Administrative Costs

Overhead needed to support the organization includes computers and other equipment, office furnishings, office space, utilities and miscellaneous expenses. These expenses are estimated at $28,000 during program pre-start-up. Office space and utilities are ongoing monthly expenses that would begin to accrue before revenues from program operations commence, and are; therefore, included in start-up costs that would be financed.

It is estimated that the per employee start-up cost is approximately $10,000. This expense covers computer and furniture needs. An additional annual expense of $55,080 for office space, and approximately $10,000 per year in office supplies and utilities costs is expected. Miscellaneous start-up costs of $62,000 are estimated for 2021 to address the general cost of mailing notifications, meetings, communication and other start-up activities. In addition, it is assumed that computers would need to be replaced every 5 years. All administrative costs for start-up are shown in Exhibit 17. These costs are based on other start-up CCA operations. These costs are a very small portion of total operating costs that even a doubling of these costs from the below assumptions would not change the Study findings.

Exhibit 17
Estimated Overhead Cost by Year (Full-Staff Scenario)

	2021	2022
Infrastructure Costs		
Computers	$51,000	$0
Furnishings	$51,000	$0
Office Space	$55,080	$74,909
Utilities/Other Office Supplies	$0	$0
Miscellaneous Expenses	$62,883	$85,521
Total Infrastructure Costs	**$219,963**	**$160,430**

The above costs are based on a full staff scenario. If the CCA determines in its business plan that hiring consultants rather than staff would be more cost-effective administrative costs would be reduced improving the feasibility of the CCA.

Outside Consultant Costs

Consultant costs would include outside assistance for legal and regulatory work, communication and marketing, data management, financial consulting, technical consulting and implementation support.

CCA data management providers supply customer management system software, and oversee customer enrollment, customer service, as well as the payment processing, accounts receivable and verification services. The cost of data management is charged on a per customer basis and has been estimated based on existing contracts for similar sized CCAs. For this Study, the cost for data management is estimated at $1.25 per customer per month.

In addition, estimated funding for other consulting support (such as HR, legal, customer service, etc.) is provided. These costs have been estimated based on the experience of start-up consulting costs at other CCAs. Exhibit 18 shows the estimated consultant costs except for data management during the first 2 years. Consultant fees are provided on a monthly and annual basis in Appendix C.

Exhibit 18
Estimated Consultant Costs by Year
April 2021 Launch

	2021	2022
Legal/Regulatory*	$76,500	$104,040
Communication	153,000	208,080
Financial Consulting**	191,250	260,100
Scheduling Consultant	466,500	634,440
Data Management	1,556,196	2,168,572
Other Consulting/City Functions	283,050	541,008
Total Consultant Costs	**$2,726,496**	**$3,916,240**

*Legal/regulatory consulting refers only to legal counsel regarding CPUC compliance, filings, etc.
**Financial consulting includes legal fees for counsel on CCA financing.

The estimate for each of the services is based on costs experienced by other CCAs. Consultant costs are increased by inflation every year.

SDG&E Fees

SDG&E would provide billing and metering services to the CCA based on Schedule CCA: Transportation of Electric Power to CCA Customers. The estimated costs payable to SDG&E for services related to the Partners' CCA start-up include costs associated with initiating service with SDG&E, processing of customer opt-out notices, customer enrollment, post enrollment opt-out processing, and billing fees.

Customers who choose to receive service from the CCA would be automatically enrolled in the program and have 60 days from the date of enrollment to opt-out of the program. A total of four opt-out notices would be sent to each customer. The first notice would be mailed to customers approximately 60 days prior to the date of automatic enrollment. A second notice would be sent approximately 30 days later. Following automatic enrollment, two additional opt-out notices would be provided within the 60-day period following customer enrollment.

Based on SDG&E's current rate schedules, and CCA participation assumptions, SDG&E billing charges would be approximately $376,000 annually and initial setup costs and noticing would be on the order of $360,000 for 2021, as shown in Exhibit 19.

Exhibit 19 Utility Transaction Fees		
	2021	**2022**
SDG&E Billing Fee	$268,520	$374,185
Setup costs	$358,787	$0

Uncollectible Costs

As part of its operating costs, the CCA must account for customers that do not pay their electric bill. While SDG&E would attempt to collect funds, approximately 0.2% of revenues are estimated as uncollectible.[25] This cost is therefore included in the CCA operating costs, or expense budget.

Financial Reserves

The Partners' CCA is assumed to receive capital financing during its start-up through full operation. After a successful launch, the CCA must build up a reserve fund that is available to address contingencies, cost uncertainties, rate stabilization or other risk factors faced by the CCA. Therefore, this Study assumes that the CCA would begin building its reserve immediately upon launch. After five full operating years, it is estimated that the CCA will have accumulated enough reserves to cover three months of expenses. This level of reserves represents the *minimum* industry standard for electric utilities and would provide financial stability to assist the CCA in obtaining favorable interest rates if additional financing is needed. After that point, revenues that exceed costs could be used to finance a rate stabilization fund, new local renewable resources, economic development projects and/or lower rates. Exhibit 20 provides the estimate of the reserves available for local programs or rate stabilization.

[25] Based on SDG&E 2019 GRC uncollectible revenue as percent of total revenue.

Exhibit 20 Estimated Reserves: Scenario 2: 50% Renewable at Launch to 100% Renewable by 2035 Assuming 2% Rate Discount Off SDG&E Rates			
	Cumulative Surplus*	**Operating Reserves (4 months O&M)**	**Programs or Rate Reduction**
2021	$924,519	$17,231,458	$0
2022	$6,176,982	$24,410,008	$0
2023	$11,156,864	$25,047,569	$0
2024	$15,214,904	$26,115,800	$0
2025	$25,276,403	$26,839,687	$4,162,439
2026	$37,836,060	$26,908,797	$12,559,657
2027	$51,439,869	$27,680,778	$13,603,809
2028	$65,892,839	$28,446,049	$14,452,970
2029	$81,153,618	$29,253,637	$15,260,779
2030	$97,810,994	$30,099,670	$16,657,376
2031	$115,142,951	$31,113,964	$17,331,957

* Includes cash from financing

The new program funding remains stable over the study period. The financial reserves are documented in Appendix B.

Financing Costs

In order to estimate financing costs, a detailed analysis of working capital needs, as well as start-up capital, is estimated. Each component is discussed below.

Cash Flow Analysis and Working Capital

This cash flow analysis estimates the level of working capital that would be required until full operation of the CCA is achieved. For the purposes of this Study, it is assumed that the CCA pre-operations begin in July 2020. In general, the components of the cash flow analysis can be summarized into two distinct categories:

1. Cost of the CCA operations, and
2. Revenues from CCA operations.

The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with the CCA and specifically account for the transition or "phase-in" of the CCA customers.

The cash flow analysis also provides estimates for revenues generated from the Partner CCA operations or from electricity sales to customers. In determining the level of revenues, the cash

flow analysis assumes all customers are enrolled at the same time, based on the assumed participation rates, and assumes that the CCA offers rates that provide a discount compared to projected SDG&E rates corresponding to a total bill discount of 2% for each customer class.

The results of the cash flow analysis provide an estimate of the level of working capital required for the CCA to move through the pre-operations period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (revenues minus cost of operations) based on payment terms, along with the timing of customer payments.

The cash flow analysis assumes that customers will make payments within 60 days of the service month, and that the CCA would make payments to power suppliers within 30 days of the service month. It is assumed that payments for all non-power supply expenses would need to be paid in the month they occur. Customer payments typically begin to come in soon after the bill is issued, and most are received before the due date. Some customer payments are received well after the due date. Therefore, the 30-day net lag in payment is a conservative assumption for cash flow purposes.

For purposes of determining working capital requirements related to power purchases, the CCA would be responsible for providing the working capital needed to support electricity procurement unless the electricity provider can provide the working capital as part of the contract services. In addition, the CCA would be obligated to meet working capital requirements related to program management, the CPUC Bond of minimum $180,000[26] and a potential SDG&E program reserve. While the CCA may be able to utilize a line of credit, for this Study it is assumed that this working capital requirement is included in the financing associated with start-up funding. The Study finds that the CCA will need as much as $12 Million in working capital.

For comparison, Marin Clean Energy (MCE) started with $3.3 million in pre-launch funding[27] and is now operating with $21.7 million in working capital.[28] At initial launch MCE served electrical load roughly equivalent to 80-90% of the Partner CCA's estimated load.[29] Similarly, Sonoma Clean Power (SCP) acquired $6.2 million in pre-launch capital,[30] and now maintains working capital reserves of $25 million[31] while serving 25% more than the Partner CCA's estimated load.[32] The working capital needs after launch assumed in this Study are reflective of the experience of successfully operating CCAs on a $/GWh basis.

[26] CPUC Decision 18-05-022

[27] https://www.mcecleanenergy.org/wp-content/uploads/2016/01/MCE-Start-Up-Timeline-and-Initial-Funding-Sources-10-6-14-1.pdf

[28] https://www.mcecleanenergy.org/wp-content/uploads/2016/09/MCE-Audited-Financial-Statements-2015-2016.pdf

[29] https://www.mcecleanenergy.org/wp-content/uploads/2016/01/Marin-Clean-Energy-2015-Integrated-Resource-Plan_FINAL-BOARD-APPROVED.pdf

[30] https://sonomacleanpower.org/wp-content/uploads/2015/01/2014-SCPA-Audited-Financials.pdf

[31] https://sonomacleanpower.org/wp-content/uploads/2015/01/2016-05-SCP-Compiled-Financial-Statements.pdf

[32] https://sonomacleanpower.org/wp-content/uploads/2015/01/2015-SCP-Implementation-Plan.pdf

Total Financing Requirements

The start-up of the Partners' CCA would require a significant amount of start-up capital for three major functions: (1) staffing and consultant costs; (2) overhead costs (office space, computers, etc.) and (3) CPUC Bond and SDG&E security deposits.

Staffing, consultant and other program initiation costs have been discussed previously. In addition, the Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to SDG&E service under certain circumstances. SDG&E also requires a bond equivalent to the re-entry fee for voluntary returns to the IOU. This corresponds to the fees outlined in the CCA rate schedule from SDG&E, which are $1.12/customer for 2018. In addition, the bond must cover incremental procurement costs. Incremental procurement costs are power supply costs incurred by the IOU when a customer provides notice and returns to IOU bundled service.

For the Partners' CCA, the total financing requirement, including working capital, is $12 million.

Current CCA Funding Landscape

The CCA market is rapidly expanding with increasingly proven success. To date, there are twenty operational CCAs in California and existing CCAs have demonstrated the ability to generate positive operating results. The early sources of that funded CCA start-up capital costs were community banks located in the CCA service territory, but now a mix of regional and large national banks have shown increased levels of interest evidenced by additional banks submitting proposals to CCAs looking for financing. As such, the Partners would likely have access to an adequate number of potential financial counterparties.

As CCAs have successfully launched across the State and a more robust data set of opt-out history becomes available, the financial community has demonstrated an increased level of comfort in providing credit support to CCAs. Most programs that have launched to date and those in development have relied on a sponsoring entity to provide support for obtaining needed funds. This support has come in varied forms, which are summarized in Exhibit 21.

Exhibit 21 Forms of Support			
CCA Name	**Date**	**Pre-Launch Funding Requirement[1]**	**Funding Sources**
Marin Clean Energy	2010	$2- $5 million	Start-up loan from the County of Marin, individual investors, and local community bank loan.
Sonoma Clean Power	2014	$4 - $6 million	Loan from Sonoma County Water Authority as well as loans from a local community bank secured by a Sonoma County General Fund guarantee.
CleanPowerSF	2016	~$5 million	Appropriations from the Hetch Hetchy reserve (SFPUC).
Lancaster Choice Energy	2015	~$2 million	Loan from the City of Lancaster General Fund.
Peninsula Clean Energy	2016	$10 - $12 million	PCE has also obtained a $12 million loan with Barclays and almost $9 million with the County of San Mateo for start-up costs and collateral.
Silicon Valley Clean Energy	2017	$2.7 million	Loans from County of Santa Clara and City members $21 million Line of Credit with $2 million guarantee, otherwise no collateral.
Clean Power Alliance	2018	$41 million	$10 million loan from Los Angeles County and $31 million Line of Credit from River City Bank.
Solana Clean Energy	2018	N/A	Vendor Funding
East Bay Clean Energy	2018	$50 million	Revolving Line of Credit from Barclays.

[1] Source: Respective entity websites and publicly available information. These funds are representative of CCA funding at different times of start-up.

A review of the current state of options for obtaining funds for these initial phases is detailed below:

Direct Loan from Cities – Any of the Partner cities could loan funds from its General Fund for all or a portion of the pre-launch through launch needs. Start-up funding provided by the cities would be secured by the CCA revenues once launched. The cities would likely assess a risk-appropriate rate for such a loan. This rate is estimated to be 4.0% to 6.0% per annum.

Collateral Arrangement from Cities – As an alternative to a direct loan from the cities, the cities could establish an escrow account to backstop a lender's exposure to the CCA. The cities would agree to deposit funds in an interest-bearing escrow account, which the lender could tap should the CCA revenues be insufficient to pay the lender directly. The cities obligations would be secured by CCA revenues collected once the CCA achieves viability.

Loan from a Financial Institution without Support – Silicon Valley Clean Energy Authority (SVCEA) was able to use this option to fund ongoing working capital. After member agencies funded a total of $2.7 million in start-up funds, SVCEA obtained a $20 million line of credit without collateral. This is the most common financing options used by emerging CCAs. This arrangement

requires a "lockbox" approach with a power provider. A lockbox arrangement requires the CCA to post revenues into a "lockbox" which power suppliers can access in order to get paid first before the CCA. This arrangement reduces the required reserves and collateral held by the CCA.

Vendor Funding – The CCA could negotiate with its power suppliers to eliminate or reduce the need for supplemental start-up and operating capital. However, the vendor funding approach can be less transparent as the vendor controls expenses and activities, and the associated cost may outweigh the benefit of eliminating or reducing the need for bank financing. This method was used by Solana Energy Alliance.

Revenue Bond Financing – This financing option becomes feasible only after the CCA is fully operational and has an established credit rating.

CCA Financing Plan

While there are many options available to the CCA for financing, the initial start-up funding is expected to be provided via short-term financing via a loan from a financial institution. The CCA would recover the principal and interest costs associated with the start-up funding via subsequent retail rate collections. This Study demonstrates that the CCA start-up costs would be fully recovered within the first five years of CCA operations.

The anticipated start-up capital requirements for the Partners' CCA through launch are approximately $0.6 million. Once the CCA program is operational, these costs would be recovered through retail rate collections. Actual recovery of these costs would be dependent on third-party electricity purchase prices and the rates set by the CCA for customers.

Based on several recent examples of CCAs obtaining financing for start-up and operating costs, this financial analysis assumes that the CCA would be able to obtain a loan for all $10 million with a term of 5 years at a rate of 5.0%. This is very conservative as most CCAs will operate on a line of credit for the majority of working capital needs.

The detail of the cash flow analysis is provided in Appendix D.

Rate Comparison

This section provides a comparison of rates between SDG&E and the Partners' CCA. Rates are evaluated based on the CCA's total electric bundled rates as compared to SDG&E's total bundled rates. Total bundled electric rates include the rates charged by the CCA, including non-bypassable charges, plus SDG&E's delivery charges.

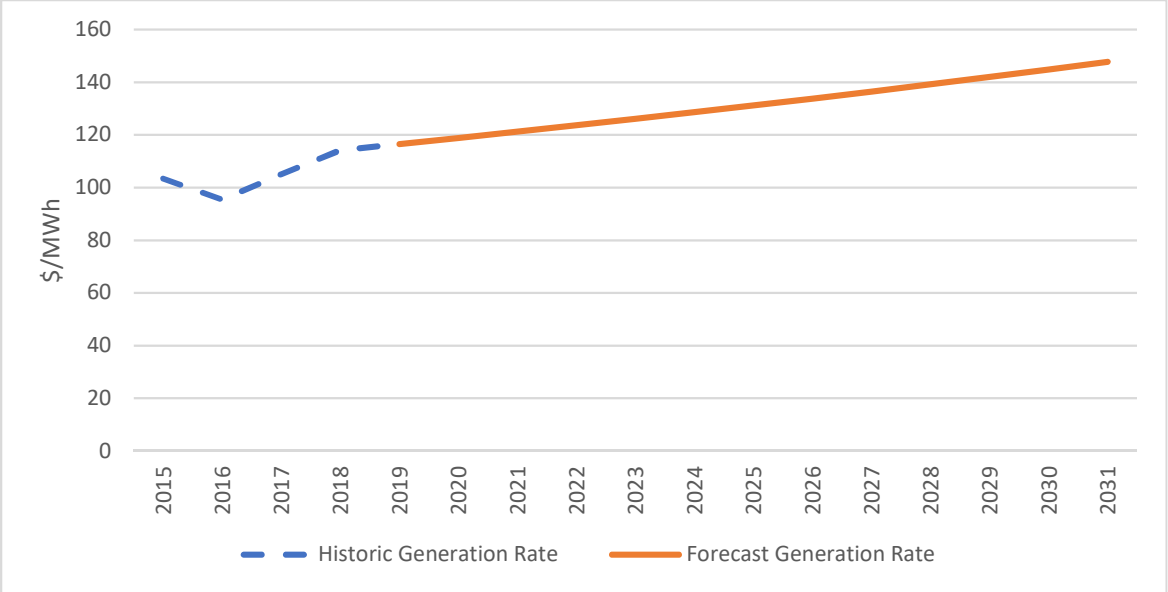
Rates Paid by SDG&E Bundled Customers

Customers served by SDG&E will pay a bundled rate that includes SDG&E's generation and delivery charges. SDG&E's current rates and surcharges have been applied to customer load data aggregated by major rate schedules to form the basis for the SDG&E rate forecast.

The average SDG&E delivery rate, which is paid by both SDG&E bundled customers and CCA customers, has been calculated based on the forecasted customer mix for the Partners' CCA. The SDG&E rate forecast assumes that delivery costs will be based on SDG&E's recent General Rate Case (GRC) filing for 2019 to 2021, which include time-of-use rates. Thereafter, it is assumed that the delivery costs will increase by 2% per year based on inflation expectations.

Similarly, the average power supply rate component for SDG&E bundled customers has been calculated based on the projected CCA customer mix. Finally, the SDG&E generation rates have been projected to increase based on the renewable and non-renewable market price forecast, and the state's regulatory requirement for RPS, energy storage, and resource adequacy objectives. It is projected that SDG&E-owned resource and renewable cost escalation will be 2% over the 10-year analysis period. SDG&E does not provide detailed cost information or power supply price forecasts for the utility. Based on SDG&E's 2017 resource mix and RPS requirements, 50% to 60% of SDG&E's resources come from market purchases and natural gas resources for which costs grow based on market price changes. Market costs are expected to increase at a rate of 1% to 3% annually. The remainder of SDG&E's resources are from high priced long-term renewable contracts. While the cost of market purchases and natural gas are expected to increase, the cost of the renewable portfolio is expected to decrease over time as SDG&E's current contracts expire and new lower cost renewable contracts are obtained. The Study uses a conservative 2% growth rate for SDG&E generation costs beginning in 2021. This growth rate is conservative compared with the growth rate utilized in the City of San Diego Feasibility Study (roughly 2.5%). The SDG&E generation rate forecast can be seen in Exhibit 22.

Exhibit 22
SDG&E Average Generation Rate, $/MWh



Rates Paid by CCA Customers

The Study assumes that the Partner CCA's rate designs would initially mirror the structure of SDG&E's rates so that similar rates can be provided to CCA's customers and bill comparisons can be made on an apples-to-apples basis. SDG&E is moving towards Time-of-Use (TOU) rates for all customers and it is assumed that the CCA would follow this transition initially. In determining the level of CCA rates, the financial analysis assumes all customers are enrolled at the same time and that the implementation phase costs are financed via start-up loans.

In addition to paying the CCA's power supply rate, CCA customers would pay the SDG&E delivery rate and non-bypassable charges also referred to as the Cost Responsibility Surcharge (CRS). The CRS is comprised of the following components: 1) Department of Water Resources Bond Charge (DWRBC), 2) Ongoing Competition Transition Charge (CTC) and 3) Power Charge Indifference Adjustment (PCIA). The DWRBC and CTC are charged to SDG&E's bundled customers in the SDG&E delivery charge. It is therefore assumed that the CCA customers would pay these charges as part of the delivery charges, as well. As such, the only additional charges payable to SDG&E by the Partners' CCA customers only is the PCIA.

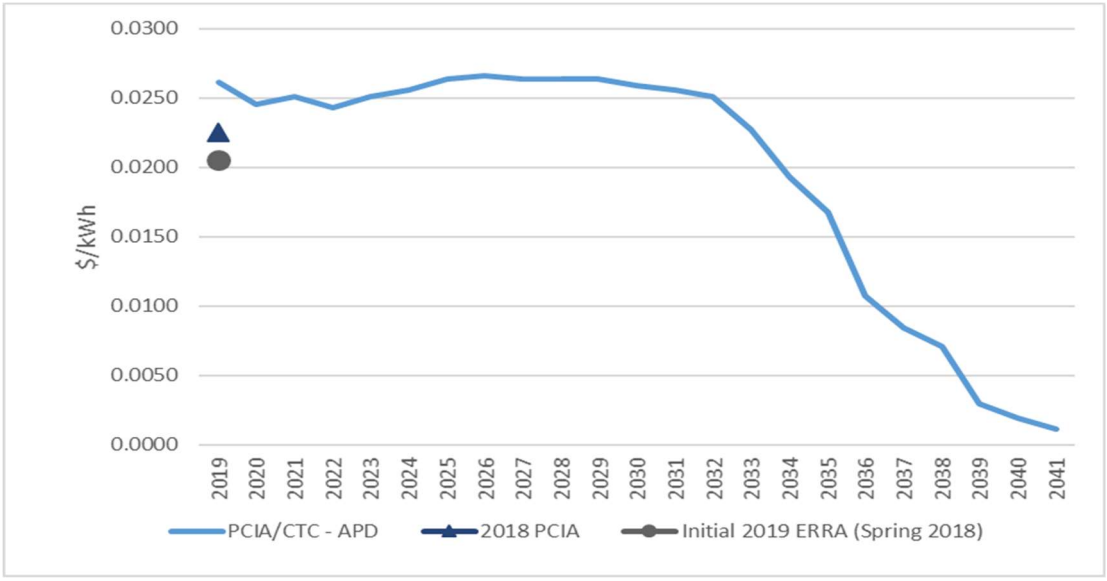
Power Charge Indifference Adjustment

The PCIA is an exit fee that is added to CCA rates to cover an IOU's stranded costs associated with energy purchases made to anticipated, but unrealized, demand because of customers leaving bundled service to receive service from a CCA.

On October 11, 2018 the CPUC voted unanimously to revise the PCIA methodology adopting the Alternative Proposed Decision (APD) methodology. This new methodology allows for more utility-owned resources to be included in the calculation and gets rid of the limits on cost recovery previously embedded in the old PCIA methodology. In addition, the new methodology allows for reductions in the stranded cost due to the value of renewable energy and resource adequacy provided by the resources. The APD methodology is not completely final as a Phase 2 is underway. Phase 2 will define the methodologies for defining additional components of the APD methodology such as resource adequacy value in IOU portfolios, value of renewable energy, true-up, and prepayment. Phase 2 decisions will be finalized late 2019 early 2020. The forecast below incorporates the latest decision, market conditions, and forecast stranded costs for departing SDG&E customers as seen in Exhibit 23.

As the chart shows, the PCIA drops significantly in the later years as SDG&E's existing power supply contracts and resources expire. If the Partners were to delay launching a CCA program for a year or two, the delay will not likely impact the duration of the higher PCIA values. Since SDG&E purchases power through long-term contracts, it would continue to purchase power for the Partners loads until formal notice of intent is given by the Partners. Therefore, SDG&E may purchase power via 10-year or longer contracts between now and when the Partners give notice. Therefore, delaying CCA implementation is not likely to benefit the CCA program with regard to PCIA rates.

Exhibit 23
SDG&E PCIA/CTC Forecast

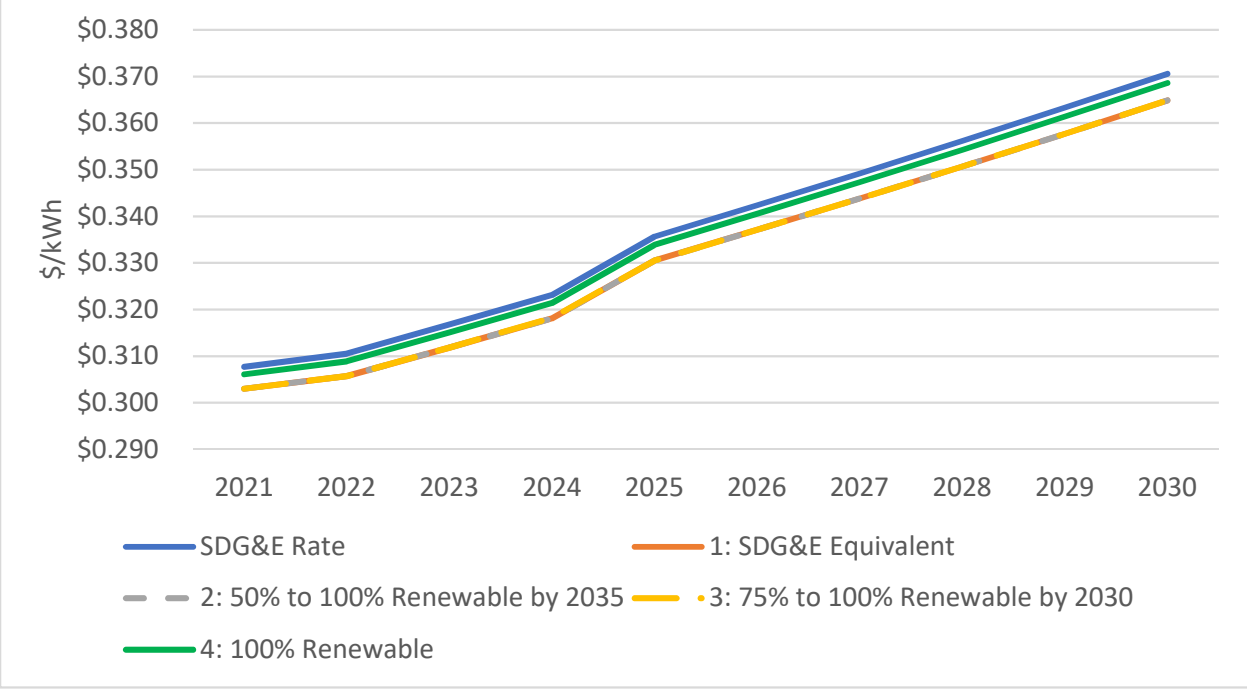


Retail Rate Comparison

Based on the CCA's projected power supply costs, PCIA, operating costs, and SDG&E's power supply and delivery costs, forecasts of CCA and SDG&E total rates are developed. The analysis balances the rate discount, collection of reserves and the share of renewable and GHG-free resources purchased. If the discount is too high, the CCA will not be able to collect sufficient reserves to meet reserve targets within the first 3-4 years. If it is assumed that the CCA will purchase 100% renewable energy, then rates will have to be set close to SDG&E's rates in order for the CCA to collect sufficient revenues to meet costs and reserve requirements.

The rate forecasts are illustrated below in Exhibit 24. A rate discount of 2% is targeted for the SDG&E-Equivalent Renewable Portfolio, 50% to 100% Renewable by 2035, and the 75% to 100% Renewable by 2030; therefore, those rates are equivalent in Exhibit 27. The 100% Renewable Portfolio rates are calibrated to a 1% discount of SDG&E rates while collecting the reserves needed for CCA operation. Exhibit 28 shows that the CCA could potentially offer 100% renewable energy at rate slightly lower to SDG&E.

Exhibit 24
Average Total Retail Rate Comparison – With Savings Targets



Based on estimated CCA discounts, Exhibit 25 provides a comparison of the indicative bundled rates for CCA products based on the projected 2021 SDG&E rates. These indicative rates are calculated as a percentage off SDG&E's bundled rates. The CCA rates calculated in this Study are

for comparison purposes only. Under formal operations, the CCA policymakers would determine the actual rates offered to its customers.

Exhibit 25
Rate Comparisons, Total Bill $/kWh

Rate Class	2021 SDG&E *	1: SDG&E Equivalent Renewable	2: 50% to 100% Renewable by 2035	3: 75% to 100% Renewable by 2030	4: 100% Renewable
Residential	0.3576	0.3504	0.3504	0.3504	0.3540
Commercial & Industrial	0.2491	0.2442	0.2442	0.2442	0.2467
Lighting	0.1804	0.1768	0.1768	0.1768	0.1786
Agricultural	0.1240	0.1215	0.1215	0.1215	0.1228
Total	**0.3077**	**0.3016**	**0.3016**	**0.3016**	**0.3046**
Bill Savings		**2.00%**	**2.00%**	**2.00%**	**1.00%**

*SDG&E bundled average rate projections based on SDG&E's 2019 Rates. Includes current time-of-use rate structure.

A financial proforma in support of these rates can be found in Appendix B.

Environmental and Economic Impacts

This section provides an overview of the potential environmental and indirect economic impacts to the San Diego area from the implementation of a CCA in the three Cities. In addition, potential future programs that could be offered by the CCA are outlined.

Impact of Resource Plan on Greenhouse Gas (GHG) Emissions

At this time, SDG&E's resource mix is 44%[33] GHG-free due to power supply from renewable resources. The passing of SB100 accelerates the Renewable Portfolio Standard (RPS) obligations for retail sellers (investor-owned utilities (IOUs), CCAs, energy service providers (ESPs), and Public Owned Utilities (POUs)) as follows:

a) from 40% to 44% by 2024;
b) from 45%t to 52% by 2027; and
c) From 50% to 60% by 2030.

The bill also establishes state policy that RPS-eligible and zero-carbon (Clean Energy) resources supply 100% of all retail sales of electricity to California end-use customers no later than December 31, 2045. SDG&E is therefore expected to be 60% renewable and GHG free by 2030 and 100% GHG-free by 2045.

As outlined in the Resource Portfolio section above, the CCA portfolio scenarios assumed that the CCA's renewable resources determine the GHG-free content in the portfolio. In the Scenario 1 - SDG&E-Equivalent, it is assumed that the Partners' CCA resource portfolio is 46% GHG-free in 2021 and grows to 60% GHG free by 2030. In Scenario 2 - 50% to 100% Renewable By 2035 it is assumed that the CCA's resource portfolio is 50% GHG-free in 2021 and that the GHG-free resources increase each year after 2021, in 2030 GHG-free resources are 86% and continue to grow to 100% by 2035. In Scenario 3 - 75% to 100% Renewable By 2030 it is assumed that the CCA's resource portfolio is 75% GHG-free in 2021 and grows to 100% GHG-free by 2030. Finally, in Scenario 4 - 100% Renewable, 100% of the portfolio is GHG free in all years.

The remaining energy would generate amounts of GHG emissions as outlined in Exhibit 26. For comparison with SDG&E's projected portfolio, the 10-year average for GHG-free power is used (53%). The 10-year average recognizes the higher GHG-free power content in SDG&E's projected portfolio in later years. Average annual emissions from the four portfolios for 2021-2030 are presented below. In each case, it was assumed that the full CCA load (1,035 GWH) was in each portfolio. In other words, if, for example, the CCA decides to offer both 100% Renewable and SDG&E Equivalent Renewable products and some proportion of customers fall into each product bucket, the emissions would fall somewhere between 0 and 212,000 metric tons of CO_2e/year.

[33] http://www.energy.ca.gov/pcl/labels/2017_index.html

Exhibit 26 Comparison of Average Annual GHG Emissions from Electricity by Resource Portfolio (2021-2030)					
	1: SDG&E Equivalent Renewable Portfolio	**2: 50% to 100% Renewable by 2035**	**3: 75% to 100% Renewable by 2030**	**4: 100% Renewable**	**SDG&E**
Avg./GHG Share	53%	68%	88%	100%	53%
Avg. Emissions (Metric Tons CO2)	173,106	117,845	45,274	0	173,106
Difference SDG&E Portfolio (Metric Tons CO2)	0	55,261	127,832	173,106	0
Savings expressed as Number of Cars Off the Road[1]	0	12,000	28,000	37,000	0

[1] Passenger cars, based on 4.6 metric tons of CO2 per year assuming 22 mpg and 11,500 miles per year.

Local Resources/Behind the Meter CCA Programs

The CCA would have the option to invest in a range of programs to expand renewable energy use and enhance economic development in the Partner cities. Increased renewable energy use can be accomplished by supporting customers wishing to own small renewable generation (net energy metering), purchasing from small local for-profit renewable generators (feed-in tariffs), purchasing renewable resources directly, or supporting electric vehicle use. The Chula Vista and La Mesa CAPs identify other program goals in the areas of: building energy efficiency, energy efficient construction, clean energy transportation enhancement, electrification of buildings. CCA is a viable mechanism for developing and implementing these types of programs using funding from a variety of sources including CCA operating revenues, CPUC, and the California Energy Commission.

Each of these programs also yields economic development benefits by stimulating spending locally and saving local customers money. Economic development can also be accomplished by providing additional support for low-income customers or extra support for new or growing businesses. The following sections discuss these programs.

Economic Development Rate Incentive

There are several programs that CCAs can offer to stimulate indirect local economic development in their service area. One is a special economic development rate to encourage job providers to locate within the CCA jurisdiction.

Another type of program that promotes economic development is to provide incentives for businesses to locate in the service area, remain there, or expand. For instance, the CCA could offer rebate programs or fund infrastructure costs for the business to target the business sectors of interest to their service area. If, for example, a large industrial customer would like to locate within the CCA service area, increased efficiency may result in decreased costs to all other

customers due to overhead cost sharing, thus an incentive could be paid to the new industrial customer.

Net Energy Metering (NEM) Program

The CCA could establish a Net Energy Metering (NEM) program for qualified customers in their service territory to encourage wider use of distributed energy resources (DER) such as rooftop solar. NEM programs allow energy customers who generate some or all of their own power to sell excess generation to the grid and benefit from a credit for those sales when they become a NEM consumer.

SDG&E currently offers a NEM program in which customers receive an annual "true-up" statement at the end of every 12-month billing cycle. This allows customers to balance credit earned in summer months (when solar energy generation is highest) with charges accrued in the winter (when solar generation is lower, and customers rely more on SDG&E's bundled service). Customers earn power credits at the value of electricity and the value of renewable energy credits, though they are not paid for excess generation. Credits unused at the end of each year expire. This policy therefore incentivizes customers to limit the size of their generation system, as excess generation supplied to the grid will not provide a return.

All of the CCAs currently operating in California also offer NEM programs, and three of the most recently operational CCAs have offered them at the launch of service.[34] All of these CCA-managed NEM programs offer greater incentives for customers in their service area to invest in more and larger Distributed Energy Resources (DER). Higher incentives up to the full retail rate have been offered. This has the benefit of increasing the supply of renewable resources available to these CCAs as well as encouraging high participation rates among current and potential NEM customers. The Partner cities would have the option to implement a similar NEM program and the ability to stimulate local economic development in the form of new DER system investments and associated business activity.

Feed-in Tariffs

Feed-in tariffs (FIT) offer terms by which electric service providers such as IOUs and CCAs purchase power from small-scale renewable electricity projects within their service territory. In contrast with NEM programs, which typically target owners of homes and small businesses who wish to install a rooftop photovoltaic (PV) system, FIT programs target owners of larger generation projects, in the range of 0.5-3 MW. These could be larger rooftop photovoltaic (PV) systems located at industrial sites or ground-mounted solar shade structures in parking lots. In developing a FIT program of its own, the Partners' CCA could incentivize customers in their service area to develop local renewable resources.

[34] https://pioneercommunityenergy.ca.gov/home/nem-solar/,https://www.poweredbyprime.org/faq, http://www.applevalley.org/home/showdocument?id=18607

Local Generation Resources Development

A final option to drive investment in local renewable generation resources within the CCA service area is for the CCA itself to build or acquire generation resources. For example, Marin Clean Energy (MCE) currently has 10.5 MW of CCA-owned local solar PV projects under development and is planning to develop or purchase up to 25 MW of locally constructed, utility scale renewable generating capacity by 2021.[35] This model of CCA-owned resources provides CCAs with a guaranteed renewable power source as well as local economic stimulus.

Electric Vehicle (EV) Programs and Charging Stations

Encouraging electric vehicle use can both increase LSE total load and simultaneously reduce greenhouse gas emissions within its service area. Many LSEs offer special rates for electric vehicle charging. SDG&E offers two non-tiered, time-of-use (TOU) plans for electric vehicle charging: EV-TOU-2 and EV-TOU-5 which combines the loads of vehicle charging with the load of the residence. The two programs offer different TOU periods. EV-TOU customers install a separate meter explicitly for vehicle charging.[36] TOU rates encourage vehicle charging at times when energy is cheapest, or system load is lowest. MCE offers a similar program for their customers with lower rates than the IOU.[37]

In addition to targeted rate programs, CCAs can encourage electric vehicle use by investing in local electric vehicle charging stations. Silicon Valley Power (SVP) opened the largest public electric vehicle charging center in the State in April 2016. The facility features 48 Level 2 chargers and one DC Fast Charger.[38] Sonoma Clean Power (SCP) also provided qualified customers with incentives to purchase EVs in 2016 and continued the program in 2017.[39] The Partners' CCA could invest in similar projects to promote electric vehicle use within its service area.

Low Income Programs

SDG&E offers assistance to low-income customers on both one-time and long-term bases. For customers in need of sustained assistance, SDG&E offers rates that are up to 30% lower for qualifying households under the California Alternate Rate Energy (CARE)[40] program. The CARE program is mandatory for IOUs per California Public Utilities Code 739.1. The program is set up for electric corporations that have 100,000 or more customer accounts to provide 30-35% discount on electric utility bills on households that are at or below 200% of the federal poverty

[35]https://www.mcecleanenergy.org/wp-content/uploads/2017/11/MCE-2018-Integrated-Resource-Plan-FINAL-2017.11.02.pdf

[36] https://www.sdge.com/residential/pricing-plans/about-our-pricing-plans/electric-vehicle-plans

[37] https://www.mcecleanenergy.org/electric-vehicles/

[38] http://www.siliconvalleypower.com/Home/Components/News/News/5036/2065

[39] https://sonomacleanpower.org/sonoma-clean-power-launches-ev-incentive-program/

[40] https://www.sdge.com/residential/pay-bill/get-payment-bill-assistance/assistance-programs

line. Funding for CARE is collected on an equal cents/kWh basis from all customer classes except street lighting. This program, like other SDG&E low income programs, would continue to be available to customers through SDG&E regardless of power supply provider (CCA or SDG&E).

In addition, the Family Electric Rate Assistance (FERA) Program can provide a monthly discount on electric bills. This program is designed for income-qualified households of three or more persons. Finally, the California Department of Community Services and Development (CSD) oversees a federal program, Low-income Home Energy Assistance Program (LIHEAP), which offers help for heating or cooling homes and help for weatherproofing homes.

At present, most California CCAs simply match their incumbent IOU's low-income programs, as in the case of MCE and SCP. The Partners' CCA would provide the same support to low-income customers as does SDG&E.

Economic Impacts in the Community

The analyses contained in this Study of forming a three-city CCA has focused only on the direct economic effects of this formation. However, in addition to direct effects, indirect microeconomic effects are also expected.

The indirect effects of creating a CCA include the effects of increased commerce and disposable income. Within this Study, an input-output (IO) analysis is undertaken to analyze these indirect effects. The IO model estimated the impact in the economy of forming a CCA that would lead to lower energy rates for the CCA customers. Three types of indirect impacts are analyzed in the IO model. These are described below.

Local Investment – The CCA may choose to implement programs to incentivize investments in local distributed energy resources (DER). Partners in the CCA may choose to invest in local DER generation projects. These resources can be behind the meter or community projects where several customers participate in a centrally located project (e.g. "community solar"). This demand for local renewable resources would lead to an increase in the manufacturing and installation of DER, and lead to an increase in employment in the related manufacturing and construction sectors.

Increased Disposable Income – Establishing a CCA would lead to reduced customer rates for energy, more disposable income for individuals, and greater revenues for businesses. These cost savings would then lead to more investment by individuals and businesses for personal or business purposes. This increase in spending would then lead to increased employment for multiple sectors such as retail, construction, and manufacturing.

Environmental and Health Impacts – With the creation of a CCA, other non-commerce indirect effects would occur. These may be environmental, such as improved air quality or improved human health due to the CCA utilizing more renewable energy sources, versus continuing use of traditional energy sources which may have a greater GHG footprint. While a change in GHG

emissions is not modeled directly in the economic development models used in this Study, the reduction of these GHG emissions are captured in indirect effects projected by the models to the extent that carbon prices are accounted for in the input-output matrix.[41]

Input-Output Modeling (IO Modeling) – County-wide electric rate savings and growth in manufacturing jobs and other energy intensive industries are expected to spur economic development impacts. Exhibit 27 below shows the effect $7.1 million in rate savings could have on the County economy as estimated in the San Diego County IMPLAN model.[42] The $7.2 million rate savings represents the minimum annual bill savings projected to occur once the CCA has achieved full operation if all of the Partner cities are included (SDG&E-Equivalent Renewable portfolio or 100% Renewable by 2030). The IMPLAN model is an IO model that estimates impacts to an economy due to a change to various inputs such as industry income, supply costs, or changes to labor and household income. Both positive and negative impacts can be measured using IO modeling. IO modeling produces results broken down into several categories. Each of these is described below:

- Direct Effects – Increased purchases of inputs used to produce final goods and services purchased by residents. Direct effects are the input values in an IO model, or first round effects.
- Indirect Effects – Value of inputs used by firms affected by direct effects (inputs). Economic activity that supports direct effects.
- Induced Effects – Results of Direct and Indirect effects (calculated using multipliers). Represents economic activity from household spending.
- Total Effects – Sum of Direct, Indirect, and Induced effects.
- Total Output – Value of all goods and services produced by industries.
- Value Added – Total Output less value of inputs, or the Net Benefit/Impact to an economy.
- Employment – Number of additional/reduced full time employment resulting from direct effects.

This Study uses Value Added and Employment figures to represent the total additional economic impact of the rate savings associated with CCA formation.

The projected rate savings are modeled for residential, commercial, industrial, and agricultural sectors. For residential, the rate savings are modeled at different household income levels to

[41] Decreased health care costs have been modeled to make a major contribution to the local economy. e.g., DT Shindell, Y. Lee & G. Faluvegi, Climate and health impacts of US emissions reductions consistent with 2 °C; *Nature Climate Change* **volume 6**, pages 503–507 (2016)

[42] http://www.implan.com/

estimate the impact on the economy from reduced bills. Estimated household income distribution is based on the income percentiles from the statistical atlas for San Diego County.[43] The change in household income assumes that all households are impacted proportionately; however, in practice lower income households typically see the most significant benefit due to the disproportionate amount of total household income that goes to costs associated with household electricity use. Generally, lower income families are not able to reduce their utility bills as easily through efficiency upgrades or modified behavior due to lack of disposable income. Therefore, the overall impacts are likely underestimated.

Major agricultural activities in the County include nursery products, avocados, lemons, limes, tomatoes, and herbs. Major commercial and industrial industries include government, healthcare, retail, manufacturing, construction, professional and scientific services, finance, accommodation and food services, and wholesale trade.

Exhibit 27 details the net macroeconomic impacts anticipated from the 2% savings in the rate after forming the CCA. The total output for one year of rate savings is estimated at $10.3 million. Finally, the rate savings are estimated to produce an additional 86 full time jobs.

Exhibit 27
$7.1 Million Rate Savings Effects on the San Diego County Economy[1]

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	40	$1,951,000	$1,979,000	$3,639,000
Indirect Effect	8	$506,000	$820,000	$1,373,000
Induced Effect	37	$1,793,000	$3,271,000	$5,295,000
Total Effect	86	$4,250,000	$6,069,000	$10,307,000

1. Full impacts to San Diego county are estimated, it can be expected that a large share of these impacts would be realized within the 3 jurisdictions.

These savings are based on the economic construct that households would spend some share of the increased disposable income on more goods and services. This increased spending on goods and services would then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn would give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand. In addition, reduced inputs to production for non-residential electric customers would allow companies to invest in other areas to promote growth such as hiring new employees, offering additional training, and purchasing upgraded equipment.

[43] Statistical Atlas. San Diego, California. Available online: https://statisticalatlas.com/county/California/San-Diego-County/Household-Income data from U.S. Census Bureau.

Sensitivity and Risk Analysis

The economic analysis provides a base case scenario for forming a Partner CCA JPA. This base case is predicated on numerous assumptions and estimates that influence the overall results. This section of the Study will provide the range of impacts that could result from changes in the most significant variables for the portfolios described in the Power Supply Strategy and Cost of Service sections of this Study. In addition, this section will address uncertainties that should be addressed and mitigated to the maximum extent possible.

The following analysis is an overview of risks and their relative severity, followed by discussion of each factor. For variables where uncertainty is quantified, key assumptions are discussed, and a reasonable range of outcomes is established. The range in variable assumptions is meant to reflect probable futures, but do not demonstrate the full scope of possible outcomes. The CCA's rate impacts are estimated using a range of likely outcomes and presented in a scenario analysis.

When evaluating risks, it is important to note that power supply costs are approximately 56 percent of the total costs, SDG&E non-by-passable (PCIA/CTC) charges account for 35 percent, and operating costs account for 8% of total CCA revenue requirement. The figure below (Exhibit 28) illustrates this breakdown of CCA costs. Exhibit 29 provide discussion of each risk factor.

Exhibit 28
Rate Comparison Scenario 2: 50% Renewable at Launch and 100% Renewable by 2035

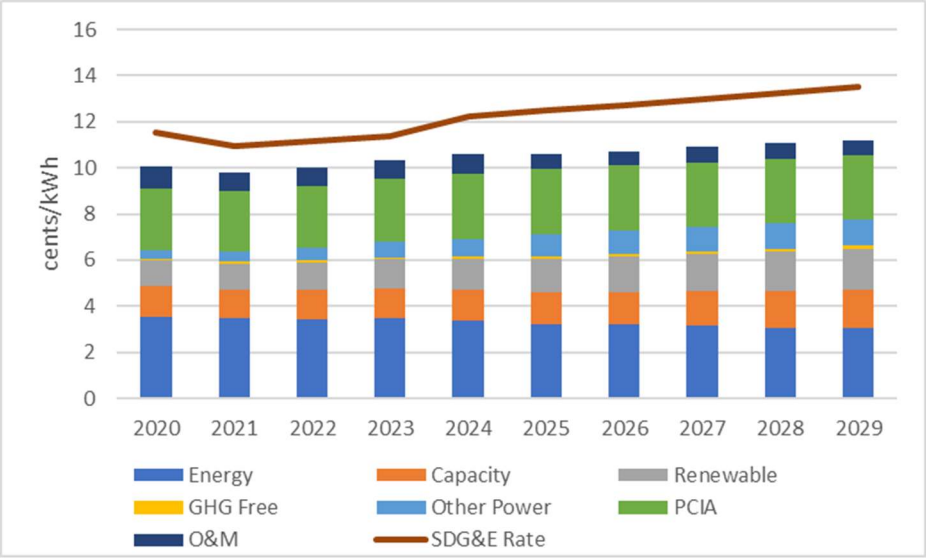


Exhibit 29
Comparison of Risks, Mitigation Strategies, and Risk Severity

	Risk	Description	Problem	Mitigation Strategy	Likelihood of Problem	Severity of Problem	Potential to "Suspend" CCA
1	SDG&E Rates and Surcharges	SDG&E's generation rates decrease or its non-bypassable charges (PCIA/CTC) increase	• CCA rates exceed SDG&E • Increased customer opt-out rate	• Establish Rate Stabilization Fund • Invest in a balanced energy supply portfolio to remain agile in power market • Emphasize the value of programs, local control, and environmental impact in marketing	High – most operating CCAs in California have undergone short periods of rate competition from the incumbent IOU.	Medium - CCAs have been able to buffer rate impacts using financial reserves, then adjust power supply to regain rate advantage.	Medium – May become more difficult to offer savings in the short-term if PCIA changes significantly.
2	Regulatory Risks	Energy policy is enacted that compromises CCA competitiveness or independence	• New costs incurred • Reduced authority	• Coordination with CCA community on regulatory involvement • Hire lobbyists and regulatory representatives to advocate for CCA	Low – existing regulatory precedent and a growing market share makes the likelihood of state policies that severely disadvantage CCAs low.	High – a worst-case scenario regulatory legislative decision limiting CCA autonomy or enforcing additional costs could hinder CCA viability.	Medium – energy policy severe enough to make CCA infeasible is not likely.
3	Power Supply Costs	Power prices increase at crucial time for CCA	• CCA rates exceed SDG&E • Increased customer opt-out rate	• Long-term contracts • Draw on CCA reserves to stabilize rates through price spike	Low – market prices are unlikely to spike enough to make CCA financially infeasible prior to CCA launch. From that point on, the CCA can limit its exposure through contract selection.	Medium – a poorly timed price spike combined with poor power supply contract management could require CCA to dig into reserves or delay launch.	Low -the CCA and SDG&E face the same market conditions
4	SDG&E RPS Share	SDG&E's RPS or GHG-free power portfolio grows to match or exceed CCA 's	Increased customer opt-out rate	• Increase renewable power portfolio • Emphasize rates and local programs in marketing	Medium – SDG&E's power portfolio is dynamic and could change rapidly as a	Low – CCA would have capability to increase renewable energy purchases to match or exceed SDG&E if the	Very Low – CCA is likely to respond effectively if this occurs.

	Risk	Description	Problem	Mitigation Strategy	Likelihood of Problem	Severity of Problem	Potential to "Suspend" CCA
					result of other CCA departures.	event occurs. In addition, CCA would promote other benefits of its service to customers.	
5	Availability of RPS/GHG-free power	Unexpectedly high market demand or loss of supply of renewable resources	• CCA unable to provide target power products	• Shift emphasis to GHG-free or RPS resources depending on availability • Secure long-term contracts • Invest in local renewable resources	Low – power procurement providers are projecting a plethora of RPS and GHG-free bids available on the market.	Medium – if CCA were unexpectedly unable to procure enough RPS or GHG-free power, it could emphasize other program strengths to retain customers until new resources came online.	Low – negligible chance of occurring.
6	Financial Risks	CCA is unable to acquire desired financing or credit	• Slower or delayed program launch • Unable to build generation projects	• Adopt gradual program roll-out • Establish Rate Stabilization Fund • Minimize overhead costs	Low – CCAs have become sufficiently established in California, such that financing is almost certainly available.	Medium – in the event CCA is limited in financing options, it can adopt a more conservative program design and gradual roll-out.	Low – to date, there has not been an instance of a CCA not obtaining the needed financing for launch.
7	Loads and customer participation	Unprecedented opt-out rate reduces competitiveness	• Excess power contracts • Poor margins	• Increase marketing • Reduce overhead • Expand to new customer markets • Consider merging with existing CCA	Low – as CCAs have become more common in California, and CCA marketing firms more experienced, opt-out rates have gone lower.	Low –CCA would have numerous viable options in the event they suffer unexpectedly low participation.	Low – The size of the Partners CCA is large enough that even low participation would not significantly

	Risk	Description	Problem	Mitigation Strategy	Likelihood of Problem	Severity of Problem	Potential to "Suspend" CCA
							impact the program.

SDG&E Rates and Surcharges

Sensitivity analyses were conducted for two components of SDG&E rates. The delivery rates are paid by both CCA and SDG&E bundled customers. As such, changes in delivery rates impact all customers equally.

Generation Rate

SDG&E generation rates are projected to increase on average by 2% per year over the next 10 years based on the projected market prices, SDG&E's resource mix and renewable resource growth rates. To explore the impact in the case that SDG&E's generation rate changes significantly relative to the CCA's generation cost, SDG&E's generation rates was modeled in the high and low case by incorporating higher and lower generation growth rates. This results in SDG&E's power supply average annual growth rate in the high case of +2% and in the low case of -2%.

PCIA

When legislation was introduced to allow the formation of CCAs, it was recognized that the IOUs currently serving the potential CCA customers may face stranded generation costs. The PCIA methodology was established by the CPUC as a means for IOUs to recover those stranded costs. The PCIA faces several issues, however, including the source and transparency of data used for the calculation and the fact that the PCIA level is variable and contains a great amount of uncertainty.

The level of the PCIA, or other non-bypassable charge that will potentially replace the PCIA, would impact the cost competitiveness of the Partners' CCA. In order to be competitive, the CCA's power supply costs plus PCIA and other surcharges must be at or lower than SDG&E's generation rates. Many factors influence the PCIA, but primarily the PCIA is determined by the cost of power contracts and the cost to SDG&E of the departing load. Uncertainties surrounding the PCIA include methodology assumptions unique to SDG&E, as well as to what degree previously acquired power contracts can be retired. The potential for the PCIA to increase sharply occurs when SDG&E must sell previously contracted power at times when wholesale power prices are much lower. The PCIA also has potential to decrease since it reflects SDG&E's own resources and signed contracts obtained prior to load departure; once those contracts expire, the related PCIA would disappear. Therefore, over time the PCIA would vary, but it is expected that it would decline as market prices increase and grandfathered contracts expire.

Forecasting the PCIA is difficult since key inputs are heavily redacted from the rate filings and regulatory changes can significantly impact the PCIA. The uncertainty associated with forecast PCIA rates is modeled considering historic PCIA increases as well as the adopted methodology used for the PCIA calculation (October 11, 2018). In addition to the base case, a low and high PCIA forecast are modeled. The low scenario is 10% lower than the forecasted assumption. In

the high scenario, the PCIA increases by the full cap of $0.005/kWh in the first 2 years then de-escalates at an average of 5% per year.

Franchise Fees

IOUs pay franchise fees to municipalities as compensation for the right to run pipes, wires, and product through municipal land. These costs are passed on to customers in the form of a rate-adder to both distribution and generation costs. These collections are pooled by the utility and then distributed among the counties and municipalities in which they operate.

Franchise fees are defined through a franchise agreement made between a municipality and a utility addressing both the distribution and generation components of the fee. Franchise fees are typically in the range of 1-2% of gross revenue. On June 18, 1993, California Senate Bill 278 added the Surcharge Act (sections 6350-6354) to the Public Utilities Code. This Act requires that municipalities continue to receive generation remittance from DA and CCA customers. Therefore, implementation of a CCA program will not reduce expected franchise fee revenue due to the Partners.

Regulatory Risks

There are numerous factors that could impact SDG&E's rates in addition to the market price impacts described above. Regulatory changes, plant or technology retirements or additions, and gas prices all can impact SDG&E's rates in the future. Regulatory issues continue to arise that may impact the competitiveness of the Partners' CCA. The impact of these factors is difficult to assess and model quantitatively. However, California's operating CCAs have worked aggressively to address any potentially detrimental changes through effective lobbying at the California state legislature and at the California Public Utilities Commission.

New legislation can also impact the Partners' CCA. For example, new legislation that recently affected CCAs is SB 350. The CCA-specific changes reflected in SB 350 are generally positive, providing for ongoing autonomy with regard to resource planning and procurement. CCAs must be aware, however, of this legislation's long-term contracting requirement associated with renewable energy procurement. Specifically, CCAs are required to contract 65% of renewable resources for 10 years or more by 2021. It may be difficult for a new CCA to obtain long-term contracts initially; however, RPS compliance periods are three years. The compliance period may help to provide new entities a chance to make the required procurements.

In addition, there is a risk that additional capacity resource costs are pushed onto CCAs via the Cost Allocation Mechanism (CAM). The CCA would need to continually monitor and lobby at the Federal, State and local levels to ensure fair and equitable treatment related to CCA charges.

Finally, SDG&E has asked lawmakers to introduce legislation (AB56, Garcia) that would eventually result in the IOU leaving the power supply business. SDG&E is faced with losing half of its

customers as the City of San Diego is poised to launch its CCA program. SDG&E is asking that the legislature pass a bill that would create a way for the utility to sell long-term power contracts to a "state-level electrical procurement entity." This entity could then re-sell the contracts to other buyers. Any difference in price would then become a non-bypassable charge to former SDG&E bundled customers. The non-bypassable charge would likely be similar to the PCIA/CTC and the PCIA/CTC would no longer be in effect. This bill was recently amended to clarify that the state agency would procure only backstop power, or power that was specifically bought at the request of a load serving entity.

While the current proposed legislation has been amended to a backstop role, the Resource adequacy proceedings could result in regulatory changes for RA procurement. If this legislation or regulation becomes law/rule, a new exit fee mechanism could result in lower charges to CCA customers. A state-level procurement entity would be a public agency, and be subject to a lower cost of capital. These lower charges would benefit CCA customers. The downside of a central procurement agency would be the loss of local control in power supply choices. It is not clear how much loss of control would be realized since the central procurement agency might purchase power supply as a provider of last resort, or the agency might purchase all power supply requirements.

Power Supply Costs

Ramping services are predominantly provided by natural gas-fired generating resources. These resources are capable of ramping generation levels up and down quickly to assure that resources are equal to load requirements. Therefore, wholesale market prices are driven largely by natural gas prices. In addition, the CCA's power supply mix has been modeled according to different levels of renewable energy. Renewable energy costs are forecast for the base case; however, several factors could influence future renewable energy costs including locational factors for new facilities, transmission costs, technology advancements, changes in state and federal renewable energy incentives, or changes in California or neighboring state RPS.

Since resource costs are based on forecast wholesale market and renewable market prices, it is prudent to look at the sensitivity of the 20-year levelized cost calculations to fluctuations in projected prices. Exhibit 30 below shows a summary of low, mid-range, and high resource costs.

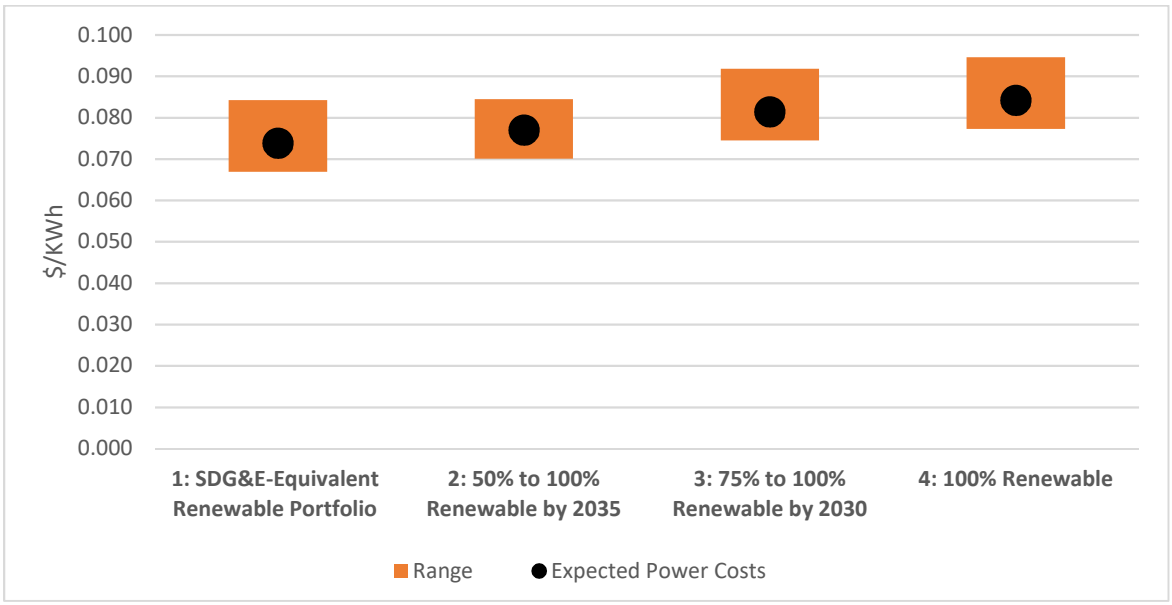
Exhibit 30
Power Supply Cost Sensitivity
$/kWh

Case	1: SDG&E-Equivalent Renewable Portfolio	2: 50% to 100% Renewable by 2035	3: 75% to 100% Renewable by 2030	4: 100% Renewable
Low Case	0.0669	0.0701	0.0745	0.0773
Base Case	0.0738	0.0770	0.0814	0.0842
High Case	0.0842	0.0845	0.0918	0.0946

As discussed in the "Power Supply Strategy and Costs" section of this Study, the Mid-range renewable energy costs are conservative in that they are greater than the cost of long-term renewable PPAs currently being executed in the region. The Low Case renewable energy costs are based on an assumption that the costs of renewable generating projects will, as expected, continue to decline and the CCA would, over time, layer in PPAs sourced to the lower cost renewable resources that will be developed over the next five to ten years. The High Case renewable energy costs are based on an assumption that the CCA is not able to secure PPAs sourced to relatively new and lower cost renewable resources but, rather, signs PPAs sourced to older renewable resources with higher costs. The renewable costs in this case reflect the costs of renewable resources that were developed three to five years or more ago.

The 20-year levelized costs of each portfolio has been calculated using the range of resource costs shown above. The base case costs are depicted by the black dots in Exhibit 31, while the range projected between the High Case and the Low Case are depicted by the orange bar.

Exhibit 31
Sensitivity of Portfolio 20-year Levelized Costs $/kWh



The 100% Renewable portfolio (Scenario 4), which relies on the most renewable energy purchases to serve retail load, has the highest projected costs that range from a low of $0.077/kWh to a high of $0.095/kWh. There is a low likelihood that renewable project costs would increase to the point that 20-year levelized costs of renewable purchases is near $0.0100/kWh. It is far more likely that decreases in solar equipment costs on a $/watt basis will continue.

While renewable energy costs continue to decline, the potential for market PPA prices to increase could be material. Wholesale market prices are dependent on many factors, the most notable of which is natural gas price. Natural gas prices are at historic lows, and because natural gas-fired resources are often the marginal resource in the market, wholesale market prices have followed. Natural gas prices are subject to a variety of local, national and international forces that could have a large impact on the current marketplace. For example, increased regulation in the natural gas industry with respect to the deployment of fracking technology could cause decreases in natural gas supplies and commensurate increases in natural gas prices. Additionally, increased costs associated with carbon taxes and/or carbon cap and trade programs could also cause upward pressure on wholesale market prices.

Finally, congestion at Southern California Citygate due to Aliso Canyon curtailments, and delayed pipeline work, have resulted in day ahead price spikes since October 2017. The impacts of Aliso Canyon are not limited to Southern California as the marginal resources in the South impact the marginal resources in the North. This new normal in natural gas price level and volatility will impact the wholesale market for electricity in the same manner. These impacts are accounted for in the market price forecast and tested in the sensitivity analysis.

SDG&E RPS Portfolio

There are several factors that may impact the share of renewable energy in SDG&E's portfolio over the next decade. Customers departing SDG&E for CCA service throughout SDG&E territory would have the effect of shrinking SDG&E's load, thereby increasing the share of renewables made up by SDG&E's current RPS contracts. Finally, SDG&E could further strive to compete with CCAs in terms of the environmental impact of its power portfolio. In combination, these forces could drive up the share of renewable energy in SDG&E's power mix to match or exceed the CCA's planned power mix. To mitigate this risk, the CCA would have the option to acquire more renewable energy in response to changes in SDG&E's portfolio.

Availability of Renewable and GHG-Free Resources

Often one of the goals of a CCA is to offer power products that are cleaner than those provided by the IOU. All of the portfolios developed for this Study are modeled at 60% to 100% GHG-free. As such, they include more renewable resources and exceed the share of GHG-free resources in SDG&E's power supply portfolio, which is in the 40% to 50% range.

SDG&E does offer additional renewable choice to customers. EcoChoice allows the customer to sign up for "50% to 100% renewable power" as shown in Exhibit 32.[44] This program is currently closed to commercial customers. EcoChoice has a minimum 1-year enrollment term and charges an exit fee if the customer decides to cancel participation. EcoChoice currently results in a discount off SDG&E's standard rate, because new renewable resources are cheaper than the existing resources committed to by SDG&E. However, the EcoChoice customer will have to pay the PCIA as would CCA customers.

Exhibit 32
EcoChoice Rates (Updated 01/01/2019)

Rate Component	Residential ($/kWh)	Small Commercial ($/kWh)	M/L Commercial and Industrial ($/kWh)	Agriculture ($/kWh)	Street Lighting ($/kWh)
Renewable Power Rate & Program Costs & Transmission	0.07195	0.07195	0.07195	0.07195	0.07195
SDG&E's Average Commodity Cost Adjustment	-0.1087	-0.10725	-0.11047	-0.09108	-0.07913
EcoChoice Differential	**-0.03675**	**-0.0353**	**-0.03852**	**-0.01913**	**-0.00718**
2019 PCIA	0.03305	0.02979	0.02082	0.02511	0.02189
Total Cost	**-0.0037**	**-0.00551**	**-0.0177**	**0.00598**	**0.01471**

For residential customers, the discount per kWh for participating in EcoChoice is $0.03675 per kWh. However, after applying the PCIA, this discount is reduced to $0.0037 per kWh. The results for SDG&E's EcoChoice program over time are anticipated to be similar to the estimated cost for the 100% renewable product from the CCA because any PCIA changes will impact both the CCA and the EcoChoice programs. While the current estimate for the 100% renewable by 2035 program indicates that the cost will be 2% below SDG&E standard generation rate for all customers, the 100% renewable program is at a small discount to the SDG&E rate. Changes in the PCIA will impact the EcoChoice program and likely result in EcoChoice rates that are above SDG&E rates for ***all*** rate classes.

SDG&E's EcoShare program allows the customer to contract directly with a renewable project developer and purchase the rights to a portion of the output from a new local renewable generating facility. Customers participating in EcoShare will receive a credit on their SDG&E bill reflecting the amount of renewable energy purchased through the developer. In addition, the customer pays the PCIA and other program costs, such as the administrative costs.

The primary risk associated with a high renewable resource strategy is lack of sufficient renewable resources at prices that would keep the CCA competitive with SDG&E. The current market has sufficient renewable resources available. Utilities that submit requests for renewable

[44] https://www.sdge.com/sites/default/files/2019%20EcoChoice%20Price%2C%20Terms%2C%20and%20Conditions%20Summary.pdf

power supply receive bids that far exceed the requested amounts at prices that are very competitive to non-renewable market resources. As RPS requirements and the share of renewable resources in CCA portfolios are increasing, competition for renewable resources could increase. However, it is important to note that the CCA movement does not change the total load. Rather, the renewable resource timeline may just have accelerated until targets have been reached. Increased competition would result in increased prices once supply cannot meet the demand, resulting in increased development of renewable resources. In addition, the CCAs would have the opportunity to aid in the development of renewable resources by fostering local resource development.

Financial Risks

Starting a new venture carries financial risks that will have to be considered and mitigated before proceeding with a CCA. Depending on the organization structure, a third-party may take on the financial obligations of the CCA. These include establishing start-up financing, working capital funding such as lines of credit, and entering into contracts with suppliers and consultants. Other cities and counties have protected their General Funds by establishing JPAs or lockbox arrangements with vendors.

The Partner cities could manage many of the financial risks associated with the uncertainty surrounding a CCA start-up. While the goal is to provide clean power competitively with SDG&E, the most important consideration to the third-party financer is that the CCA can increase rates if needed to ensure sufficient revenues are collected to meet costs. In addition, the CCA can plan carefully by minimizing staff initially and only growing as fast as the size of the CCA can support, thus minimizing the fixed costs of operating the CCA.

The Partners' CCA would need to manage the financial risk associated with power supply costs by managing power market and load exposure through prudent hedging and power portfolio management. In addition, the establishment of rate stabilization reserves and sufficient working capital can mitigate financial risks to the third-party financer and to customers. The success of existing CCAs in managing the financial challenges of a CCA start-up and setting rates that are competitive with the SDG&E and the other IOUs can be a valuable guide for the Partners' CCA.

Loads and Customer Participation Rates

The Study bases the load forecasts on expected load growth, load profiles, and participation rates. In order to evaluate the potential impact of varying loads, low, medium, and high load forecasts have been developed for the sensitivity analysis.

Another assumption that can impact the costs of the CCA is the overall CCA customer participation rates. This Study uses a conservative participation rate of 95% for residential customers and 85% for non-residential customers as its base case. A higher participation rate, such as has been experienced by all of California's operating CCAs to date, would increase energy

sales relative to the base case and decrease the fixed costs paid by each customer. On the other hand, a reduced participation rate would increase the fixed costs to the CCA Partners. For reference, recent CCAs have experienced participation rates in the 90-97% range.

Sensitivity to changes in projected loads has been tested for the high and low load forecast scenarios. For the sensitivity analysis, the low case assumes a -0.14% growth in energy and customers after 2019, while the high scenario assumes a 1.32% growth in energy and customers.

The experience of existing CCAs suggest that only a small number of customers opt-out. For example, Peninsula Clean Energy has an opt-out rate of 2%, while Clean Power Alliance has a current opt-out rate of 0.7%. Once a CCA is operating, the number of customers switching back to the incumbent IOU have also been less than 5%. In order to mitigate the potential switching of customers, it would be important for the CCA to implement prudent power supply strategies to address potential load swings from changes in participation and weather uncertainty, plus establish a rate stabilization fund. Keeping rates low as well as providing excellent customer service would lead to strong customer retention.

Sensitivity Results

Exhibit 33 provides the results of the sensitivity analysis for Scenario 2: 50% Renewable at Launch and 100% renewable by 2035, which is the most likely portfolio for the CCA to pursue initially given its goals.

Exhibit 33
Scenario 2 Portfolio – Bundled Rates ($/kWh)
10-Year Levelized Average System Rate

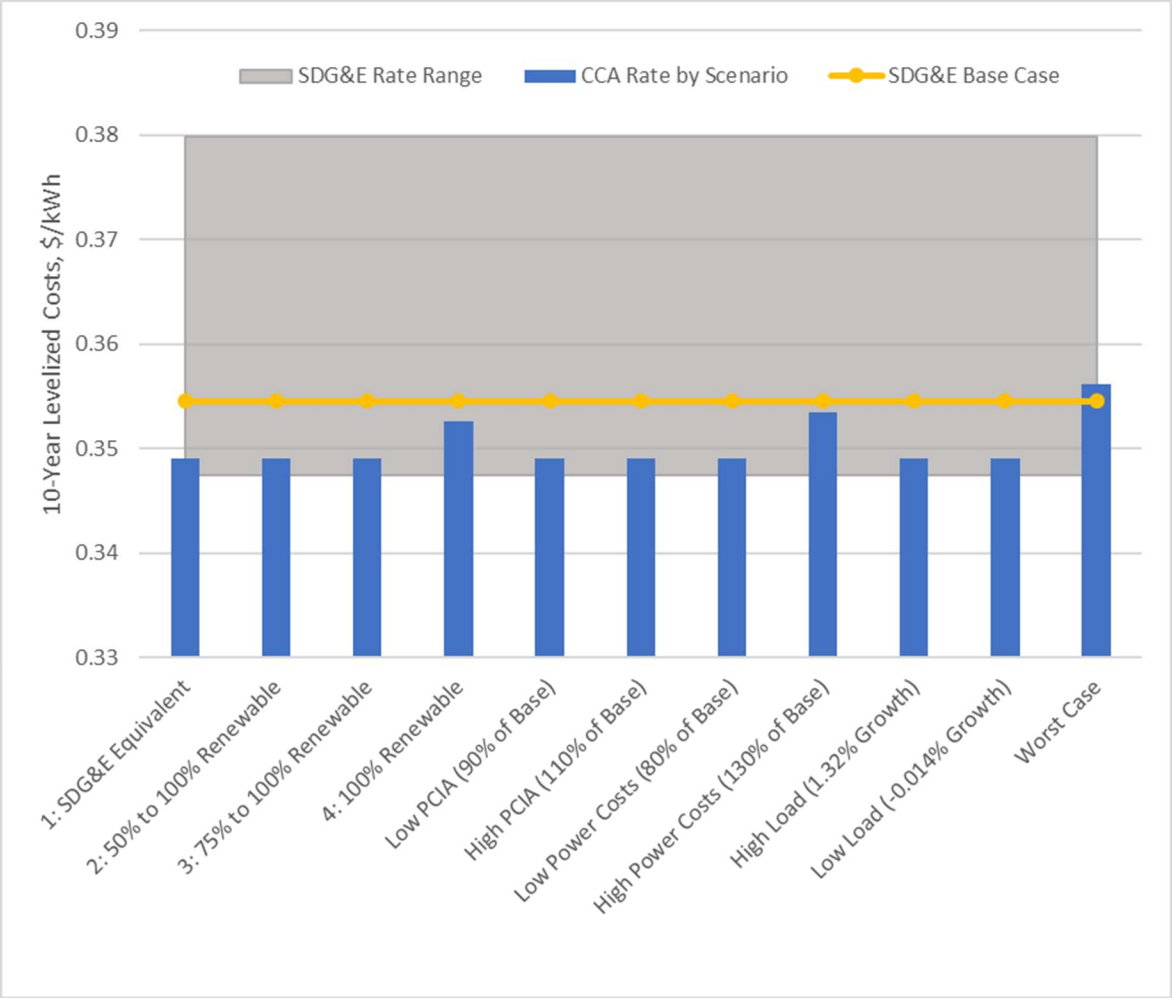


Exhibit 33 provides a comparison of the average system rate under several scenarios. This sensitivity shows that it is a significant risk to the CCA if the CCAs power costs increase based on the high-power cost scenario without any offsetting PCIA benefits. The CCA's rates could also be higher than SDG&E's under a "Worst Case" scenario. This scenario could arise when the CCA does not achieve sufficient customer participation, CCA power supply costs are high, and SDG&E charges a high PCIA.

Wholesale market prices for natural gas/electricity are currently at all-time lows. The probability of these market prices decreasing significantly from current levels is low. In addition, the CCA would need to manage its supply portfolio so that it is not exposed to unmanageable risks associated with power costs.

While the CCA would not be able to impact SDG&E's generation rates, the CCA does have the opportunity to monitor and actively opine on the costs and methodology used to allocated non-

bypassable costs to CCAs in SDG&E's service area, including the PCIA. Given recent history, this task would be shared with other CCAs and is an important and time-consuming task that can mitigate the impact on the CCA's costs. SDG&E's PCIA is at a historic high; however, the design of the PCIA implies that the PCIA will decrease over time as SDG&E's high-cost contracts expire and market prices increase.

This Study assumes a relatively high customer opt-out percentage (15% for non-residential customers) compared to the more modest opt-out rates experienced by California's actively operating CCAs, which is closer to 2-5% overall. While there is a possibility that the Partners' CCA does not reach the projected participation rates, careful monitoring and planning can reduce the potential impact of low loads through flexible power supply contracts and regular monitoring of administrative and general expenses.

The CCA should also consider implementing a rate stabilization fund so that short-term events that result in lower SDG&E rates compared with the CCA rates can be mitigated with reserves rather than by rate increases. Reserves would help the CCA remain competitive and would provide rate stabilization for customers.

CCA Governance Options

The Study evaluates a Partners CCA JPA throughout the document and Appendix F provides the results of the individual city analyses where each city forms an enterprise fund and operates a CCA individually. This section of the Study further discusses governance options that may be available to the Partners either individually or together. These include:

1. Enterprise – Each city operating its own CCA
2. Partner CCA – A 3-city CCA program with Chula Vista, Santee, and La Mesa
3. Hybrid CCA – The Partners establish a JPA to share administration costs but each city obtains its own power supply
4. Regional CCA– Join the City of San Diego-led efforts to form a Regional CCA
5. Partnering with an existing CCA program (Solana Energy Alliance)

Rate impacts, timing of launch, staffing organization, and local control aspects of these options are also explored.

Enterprise

An enterprise CCA is a CCA program that is run by a City department much like cities that operate water or wastewater utilities.

- *Financial Viability*: This is likely viable for each city. EES has analyzed this option and has financial pro-forma results in Appendix F
- *Governance*: An enterprise model usually results in less complicated governance.
- *Local Control*: Decision-making is more locally focused.
- *Other Attributes*: Solana Beach, Pico Rivera, San Jacinto, and King City are examples of smaller city CCAs that are operating independently; although Pico Rivera and San Jacinto participate in the California Choice Energy Authority to share non-power costs with other individual city CCAs. Individual city CCAs are likely feasible but net revenue margins will be smaller without sharing non-power supply costs with others. Operating a city CCA requires special care to protect the city's general fund from CCA obligations. Individual city CCAs may apply to the CPUC for energy efficiency funding but the amount will be less than a CCA JPA with a larger retail load.
- *Risks/Considerations*: An enterprise fund offers the most local control in the program organization. There may be some increased risk or special considerations in power supply contracts that will need to be evaluated to protect the city general fund. An enterprise fund generally retains all risk if funds are not commingled with the general fund or other special purpose funds. The enterprise, though does contract in the name of the city, and is not its own legal entity as is a JPA. Should liabilities exceed revenues, or should the CCA default on an obligation, counter-parties would likely seek redress from the city itself. Also, the enterprise is subject to Prop 26 rate setting and all enterprise fund expenditure and

accounting rules that would otherwise be borne by a JPA. Another drawback is that an enterprise may not avoid the constitutional limit on indebtedness.[45]

Exhibit 34 details the estimated start-up costs for enterprise funds.

Exhibit 34 Costs to Establish Enterprise CCA	
Pre-Launch Costs	$600,000-800,000 (each)
Start-Up and Working Capital (Financed)	Chula Vista: $5 million La Mesa: $4 million Santee: $3 million
Estimated Bundled Rate Discount	Chula Vista: 2% La Mesa: 1% Santee: 1%
Probable Launch Date	2022
Power Supply Cost Allocation	Power supply obtained individually

Partner CCA

The Partner CCA entails the Partner Cities developing a JPA among the three of them. In this option, the Partners would be able to draft language in the JPA that meets the specific needs of the cities involved. A Partner CCA would have more control over what new members are added, if any, and local control would remain with the three cities. The JPA board would most likely consist of on elected official from each city.

- *Financial Viability*: This Study shows that a 3-member JPA is financially viable.
- *Governance*: Under a JPA, likely each city would be a voting board member. Having a limited number of board members keeps governance nimble and local/regional control focused.
- *Local Control*: Since the Partners have similar climate action goals, and collaborated on this Study for similar purposes, decisions around the CCA's operations should be less complicated. Decisions about wholesale power portfolio, rate designs, local distributed generation, and customer clean energy programs should be easier to make.
- *Other Attributes*: A JPA of this size is ideal for allowing other San Diego County cities that create their own CCAs to join. Consideration of consistent goals, local programs and operations design should be considered for new CCA cities. Operational savings on non-power supply costs (administration, legal, regulatory, and other services) would likely occur. A JPA provides clear financial protection of cities' general funds from CCA obligations. A JPA could apply to the CPUC for energy efficiency program funds on behalf of the cities.
- *Risks/Considerations*: The JPA structure is prevalent governance model for CCAs. CCA JPAs have grown in membership as new jurisdictions choose to pursue CCA. The trade-off in JPA size and local control should be carefully considered. Established JPA agreements provide the best practices for protecting city general funds.

[45] Statements provided by Santee's city attorney.

Exhibit 35 details estimated start-up costs for a Partners JPA.

Exhibit 35 Costs to Establish Partner CCA	
Pre-Launch Costs	$600,000-800,000
Start-Up and Working Capital (Financed)	SDG&E Equivalent RPS: $8 million 100% Renewable by 2030: $10 million
Estimated Bundled Rate Discount	2%
Probable Launch Date	2022
Power Supply Cost Allocation	Power supply obtained at the same time

Enterprise JPA

An Enterprise JPA is a JPA where only some of the program costs are shared. For CCAs this is typically the program administration costs. Under this option each City would form its own CCA and the CCA's would join together in a JPA for program management. Each city is responsible for obtaining power supply and setting rates, and each city retains any excess funds for new programs or local project development.

- *Financial Viability*: This Study shows that a 3-member JPA is financially viable.
- *Governance*: Under a JPA, likely each city would be a voting board member. Having a limited number of board members keeps governance nimble and local/regional control focused.
- *Local Control*: Since the Partners have similar climate action goals, and collaborated on this Study for similar purposes, decisions around the CCA's operations should be less complicated. Decisions about wholesale power portfolio, rate designs, local distributed generation, and customer clean energy programs would be maintained by each city.
- *Other Attributes*: An Enterprise JPA is attractive to many jurisdictions because each city maintains local control over power supply and rates meanwhile sharing overhead costs and benefiting from economies of scale. This option is particularly attractive when several jurisdictions have even slightly different power supply goals, but want to benefit from not duplicating administrative efforts.
- *Risks/Considerations*: An Enterprise JPA option allows jurisdictions with different goals to benefit from economies of scale. However, because the cities would each have their own CCA, this governance option raises some of the same concerns as the enterprise option regarding contracting and rates.

Exhibit 36 details estimated start-up costs for an Enterprise JPA.

Exhibit 36 Costs to Establish Enterprise JPA CCA	
Pre-Launch Costs	$600,000-800,000
Start-Up and Working Capital (Financed)	SDG&E Equivalent RPS: $8 million 100% Renewable by 2030: $10 million
Estimated Bundled Rate Discount	2%
Probable Launch Date	2022
Power Supply Cost Allocation	Power supply obtained at the same time

Regional CCA JPA

The City of San Diego is planning to form a JPA and is inviting other jurisdictions to join in the process.

- *Financial Viability*: A large JPA, with the potential of up to 18 members, is financially viable and there will be some marginal economies of scale when compared with a Partner JPA.
- *Governance*: Decision making is often delegated to committees. Risk sharing is greatly reduced as the size of the JPA jumps considerably and the upfront start up cash can be carried by the larger Cities. In limited situations, the Partners' votes may be impacted by weighted voting agreements.
- *Local Control*: CCAs that join the Regional CCA will need to negotiate for voting representation. Likely each member city will have one vote with additional voting based on relative size of JPA members for limited situations. Weighted voting can take many different forms including two-tier voting and special considerations for veto votes. Additional discussion with the City of San Diego would be needed to determine how the voting structure will be determined. The JPA is not finalized, so there is time for the Partners to influence member roles, benefit distribution, and other agreements. The City of San Diego is also in the process of re-negotiating its franchise agreement with SDG&E, which expires in 2020. It is not clear what effect that process will have on the City's proposed JPA, if any
- *Other Attributes*: There would be low or no start-up costs for joining the City of San Diego. Economies of scale rate savings are shown in Exhibit 37. Additional rate savings for joining a large CCA are estimated at between 0.8% off SDG&E bundled rates.
- *Risks/Considerations*: As mentioned above, the potential size of this specific JPA could dilute local control.

Exhibit 37 Economies of Scale for Staffing and Consultants			
	San Diego	Partners	San Diego + Partners
Staffing, FTE	20	10	20
Administration Costs	$7,000,000	$3,165,000	$7,000,000
Retail Load, MWh	6,388,879	1,057,261	7,446,140
Admin Costs, $/kWh	$0.00110	$0.00299	$0.00094
Power Supply and Other Costs, $/kWh	$0.06440	$0.06440	$0.06440
Total Rate, $/kWh	$0.06550	$0.06739	$0.06534
Economies of Scale Savings			-3.0%
Bundled Rate, $/kWh	$0.258	$0.260	$0.258
Bill Savings			-0.8%

Exhibit 38 shows the estimated start-up costs for joining the City of San Diego in a Regional CCA.

Exhibit 38 Costs to Join Regional CCA	
Pre-Launch Costs	$0
Start-Up and Working Capital (Financed)	$0
Power Supply Cost Allocation	Partners share equally in power supply costs
Estimated Bundled Rate Discount	At least 2%
Launch Date	2021

CCA JPA with Solana Energy Alliance or other Existing JPA

The Cities could conceivably join the already operating Solana Beach CCA (SEA). SEA has been actively pursuing partnerships with other jurisdictions. SEA is a fraction of the size of the Partners in terms of load, and this may create complications in negotiating the roles of each of the cities, sharing of revenues and costs, and other decision-making issues.

- *Financial Viability*: This option would be financially viable and would allow SEA to enjoy economies of scale savings for their program.
- *Governance*: Likely each member would have one vote, as this is the most common arrangement in existing CCA JPA models.
- *Local Control*: As the largest members of the resulting JPA, the Partners would retain significant decision-making power. SEA is currently organized to operate with an executive director plus consultants to manage most of the operation. It is not clear if SEA contracts with these consultants is a limiting factor for Partner choice in hiring consultants or dedicated CCA staff. Adjustments to existing SEA contracts and power management would need to be made to incorporate new members.
- *Other Attributes*: Net revenue margins for the organization as a whole benefit from adding SEA. How these revenues are utilized to benefit members must be determined by the member cities, likely with differing local goals regarding CCA operations. A larger JPA of CCAs could apply for larger amounts energy efficiency funds but the design of the programs becomes more complicated.

- *Risks/Considerations*: SEA has been operating since 2018 and has experience in implementing and running a CCA program. The Partners could benefit from this experience, and joining SEA might be an option for a city who would like to join a JPA but does not wish to join the City or with other local entities.

Exhibit 39 estimates the timing but not the costs for establishing a JPA with SEA.

Exhibit 39 Costs to Establish JPA with SEA	
Pre-Launch Costs	Not Determined
Start-Up and Working Capital (Financed)	Some fee may be required
Estimated Bundled Rate Discount	Undetermined
Probable Launch Date	2022
Power Supply Cost Allocation	Power supply obtained incrementally

Recommendation

Exhibit 40 summarizes the governance key cost information.

Exhibit 40
Estimated Costs to Establish CCA by Governance

	Enterprise	Partners CCA	Regional CCA	JPA with SEA	Enterprise JPA
Pre-Launch Costs	$600,000-800,000 (each)	$600,000-800,000	$0	Not Determined	$600,000-800,000
Start-Up and Working Capital (Financed)	Chula Vista: $5 million	$8-$10 million	$0	Some fee may be required	Chula Vista: $5 million
	La Mesa: $4 million				La Mesa: $4 million
	Santee: $3 million				Santee: $3 million
Estimated Bundled Rate Discount	Chula Vista: 2%	2%	At least 2%	Undetermined	2%
	La Mesa: 1%				
	Santee: 1%				
Probable Launch Date	2022	2022	2021	2022	2022
Power Supply Cost Allocation	Power supply obtained individually	Power supply obtained at the same time	Shared power costs	Power supply obtained incrementally	Power supply obtained individually

As the Partners move towards CCA adoption by their governing organizations, or after the cities approve creating a CCA, they should further investigate each of these options. EES recommends that the cities further discuss the options among themselves to more clearly understand all of the pros and cons. The cities should develop a more detailed assessment of the options of joining existing organizations or developing new, local/regional organizations. The assessment would

consider political and cultural similarities, potential for rate reductions, implementation costs, local control, and individual city goals.

This Study evaluates the feasibility of operating a CCA under the JPA model with the three Partner cities (Partner CCA). The financial sensitivity analysis provided in Appendix F also provides feasibility results for each Partner city operating their own CCA. If the Partners join an existing JPA, the start-up activities are simpler as the organization is already operating and programs have been developed. However, the overall governance issues would have to be established prior to the cities joining the existing CCA.

CCA Organizational Options

If the Partners operate as a JPA there are several staffing options available. One option would be to operate the CCA with minimal staff, such as a General Manager, Power Supply Manager and a Customer Service Manager, to oversee consultants that would perform all necessary tasks. Another option is to minimize the use of outside consultants and hire sufficient staff in-house to manage all necessary tasks. Most operating CCAs have started with minimal staffing and then transitioned over time to additional staff in-house. A third option is to have an independent third-party completely operate the CCA.

For this Study, it is assumed that the Partners would operate a CCA with limited staff supported by consultants experienced in power procurement, data management and utility operations. If the Partners decide to transition some administrative and operational responsibilities to internally staffed positions, the CCA could reach a full-time staff of approximately 10 employees to perform its responsibilities, primarily related to program and contract management, legal and regulatory, finance and accounting, energy efficiency, marketing and customer service. Technical functions associated with managing and scheduling power suppliers and those related to retail customer billings would likely still be performed by an experienced third-party consultant.

Conclusions and Recommendations

Rate Conclusions

The first impact associated with forming the Partners' CCA would be lower electricity bills for CCA customers. CCA customers should see no obvious changes in electric service other than the lower price and potentially more renewable power procurement, depending on the CCA's goals. Customers would pay the power supply charges set by the CCA and no longer pay the costs of SDG&E power supply but would still pay the costs of SDG&E distribution.

Given this Study's findings, the CCA's rate setting can establish a goal of providing rates that are equal to or lower than the equivalent rates offered by SDG&E even under Scenarios 2 and 3. The projected CCA and SDG&E rates are illustrated in Exhibit 41.

Exhibit 41
Rate Comparisons, Total Bill $/kWh

Rate Class	2021 SDG&E *	1: SDG&E Equivalent Renewable	2: 50% to 100% Renewable by 2035	3: 75% to 100% Renewable by 2030	4: 100% Renewable
Residential	0.3576	0.3504	0.3504	0.3504	0.3540
Commercial & Industrial	0.2491	0.2442	0.2442	0.2442	0.2467
Lighting	0.1804	0.1768	0.1768	0.1768	0.1786
Agricultural	0.1240	0.1215	0.1215	0.1215	0.1228
Total	**0.3077**	**0.3016**	**0.3016**	**0.3016**	**0.3046**
Bill Savings		**2.00%**	**2.00%**	**2.00%**	**1.00%**

*SDG&E bundled average rate projected based on SDG&E's 2019 Rates. Includes current time-of-use rate structure.

Once the CCA gives notice to SDG&E that it will commence service, the CCA customers will not be responsible for costs associated with SDG&E's future electricity procurement contracts or power plant investments.[46] This is an advantage to the CCA customers as they would then have local control of power supply costs through the CCA.

Renewable Energy Conclusions

A second outcome of forming a CCA would be an increase in the proportion of energy generated and supplied by renewable resources. The Study includes procurement of renewable energy sufficient to meet 50% or more of the CCA's electricity needs (initially). The majority of this renewable energy would be met by new renewable resources over time. By 2030, SDG&E must procure a minimum of 60% of its customers' annual electricity usage from renewable resources due to the State Renewable Portfolio Standard and the Energy Action Plan requirements of the

[46] CCAs may be liable for a share of unbundled stranded costs from new generation but would then receive associated Resource Adequacy credits.

CPUC. The CCA can decide whether to follow the same renewable goals or to implement more aggressive targets.

Energy Efficiency Conclusions

A third outcome of forming a CCA would be a potential increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by SDG&E are not expected to change as a result of forming a CCA. The CCA customers would continue to pay the public goods charges to SDG&E which funds energy efficiency programs for all customers, regardless of supplier. The potential energy efficiency programs ultimately planned for the CCA would be in addition to the level of investment that would continue in the absence of a CCA. Thus, the CCA has the potential for increased energy investment and savings with an attendant further reduction in emissions due to expanded energy efficiency programs.

Economic Development Conclusions

The fourth outcome of forming a CCA would be enhanced local economic development. The analyses contained in this Study has focused primarily on the direct effects of this formation. However, in addition to direct effects, indirect economic effects are also anticipated. The indirect effects of creating a CCA include the effects of increased local investments, increased disposable income due to bill savings, and improved environmental and health conditions.

Exhibit 42 shows the effects $7.1 million in electric bill savings could have in San Diego County. The $7.1million rate savings represents the estimated (maximum) bill savings per year achievable by the CCA once in full operation. It is estimated that the electric bill savings could create approximately 87 additional jobs in the County with over $4.2 million in labor income. It is also projected that the total value added could be approximately $6.1 million and output at $10.3 million.

Exhibit 42
$7.1 Million Rate Savings Effects on the San Diego County Economy[1]

Impact Type	Employment Jobs	Labor Income	Total Value Added	Output
Direct Effect	40	$1,950,000	$1,980,000	$3,640,000
Indirect Effect	8	$510,000	$820,000	$1,370,000
Induced Effect	37	$1,790,000	$3,270,000	$5,300,000
Total Effect	86	$4,250,000	$6,070,000	$10,310,000

[1]Full impacts to San Diego County are estimated, it can be expected that a large share of these impacts would be realized within the 3 jurisdictions.

These savings are based on the economic assumption that households would spend some share of the increased disposable income on more goods and services. This increased spending on goods and services would then lead to producers either increasing the wages of their current employees or hiring additional employees to handle the increased demand. This in turn would

give the employees a larger disposable income which they spend on goods and services and thus repeating the cycle of increased demand.

Greenhouse Gas (GHG) Emissions Conclusions

A fifth outcome of forming a CCA may be reduced GHG emissions. The amount of renewable power in SDG&E's power supply portfolio is 43% and will rise to 60% by 2030. Based on power supply strategy described previously, the estimated GHG emission reductions are forecast to range from zero to 173,106 tons CO_2e per year by 2030 assuming a 60% RPS target is achieved. The baseline for comparison is the SDG&E's portfolio resource mix versus the potential CCA resource mixes. Exhibit 43 details these reductions.

Exhibit 43
Comparison of Average Annual GHG Emissions from Electricity by Resource Portfolio (2021-2030)

	1: SDG&E Equivalent Renewable Portfolio	2: 50% to 100% Renewable by 2035	3: 75% to 100% Renewable by 2030	4: 100% Renewable	SDG&E
Avg./GHG Share	53%	68%	88%	100%	53%
Avg. Emissions (Metric Tons CO2)	173,106	117,845	45,274	0	173,106
Difference SDG&E Portfolio (Metric Tons CO2)	0	55,261	127,832	173,106	0
Savings expressed as Number of Cars Off the Road[1]	0	12,000	28,000	37,000	0

[1] Passenger cars, based on 4.6 metric tons of CO2 per year assuming 22 mpg and 11,500 miles per year.

Findings and Conclusions

Based on the analysis conducted in this Study, the following findings and conclusions are made:

- The formation of a CCA is financially feasible and could yield considerable benefits for all participating residents and businesses.
- Financial benefits include electric bills that are 2% lower compared with projected SDG&E bundled rates and resulting bills.
- Benefits are also achieved through local decision-making about power supply, rates and customer programs. Specific programs could include economic development incentives, and targeted energy efficiency and demand response programs. CCA start-up costs could be fully recovered within the first five years of CCA operations.
- After this cost recovery, revenues that exceed costs could be used to finance a rate stabilization fund, new local renewable resources, economic development projects and/or lower customer electric rates.
- The sensitivity analysis shows that the ranges of prices for different market conditions will for the most part not negatively impact CCA rates compared to SDG&E rates. Where negative impacts may exist, those risks can be mitigated

- The CCA could be a means to achieve local control of energy supply, and for cities to meet their respective Climate Action Plan (CAP) goals.
- Local electric rate savings are expected to stimulate economic development.

The positive impacts on the Partner cities and their citizens of forming a CCA suggest that CCA implementation should be considered with the following next steps: consideration of Joint Powers Authority or other governance options, Business Plan development, and Implementation Plan development. No likely combination of sensitivities would change this recommendation based on the detailed analysis contained in the balance of this report.

Recommendations

Based on the Study results, and recent CCA experience, the following recommendations are made pursuant of CCA formation:

- The CCA should initially contract with a third party with the necessary experience (proven track record, longevity and financial capacity) to perform most of the CCA's portfolio power supply operation requirements. This would include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading.
- The Partners' CCA should approve and adopt a set of protocols that would serve as the risk management tools for the CCA and any third-party involved in the CCA portfolio operations. Protocols would define risk management policies and procedures, and a process for ensuring compliance throughout the CCA. During the initial start-up period, the chosen electric suppliers would bear the majority of risks and be responsible for their management. The protocols that cover electricity procurement activities should be developed before operations begin.
- The CCA should be flexible in its approach to obtaining power supply resources necessary to meet load requirements.
- Additionally, it is recommended that the Partners engage with a portfolio manager or schedule coordinator, who has expertise in risk management and would work with the CCA to design a comprehensive risk management strategy for long-term operations.

Summary

This Study concludes that the formation of a CCA in the Partner cities is financially feasible and could yield considerable benefits for all participating residents and businesses. Partner CCA benefits could include 2% lower rates for electricity compared to SDG&E, although higher rate reductions are possible. The positive impacts on the Partner cities and their inhabitants of forming a CCA suggest that this effort should be considered.

Appendix A – Projected Schedule: Partner JPA

			2019							2020												2021				
	Task	Due Date	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Feasibility Report	Final Draft Report	6/28/2019																								
	Council Presentations																									
	Chula Vista	7/23/2019																								
	La Mesa	7/23/2019																								
	Santee	7/24/2019																								
	Public Meetings	8/31/2019																								
Ordinance	Approval of Ordinance and Resolution to Create CCA	8/31/2019																								
Organizational Setup	Form JPA	9/1/2019																								
	Hire Executive Director	1/1/2020																								
	Hire Staff	6/1/2020																								
CPUC Registration	Prepare Implementation Plan	1/1/2020																								
	File Implementation Plan with CPUC	1/1/2020																								
	CPUC completes review of IP	4/1/2020																								
	Register with CPUC and submit Bond	4/1/2020																								
	CPUC confirms registration	5/1/2020																								
Resource Adequacy	File Historic Load Data with CPUC/CEC	3/17/2020																								
	File Year-Ahead Load Forecast	4/20/2020																								
	Revised Year-Ahead RA Load Forecast	8/16/2020																								
	January Month-Ahead RA Load Forecast Due	10/15/2020																								
Power Procurement	RFP & Contract for Scheduling Coordinator/Portfolio Mng	7/1/2020																								
	Develop risk management and procurement plan	9/1/2020																								
	Power Purchase and Contracting	1/1/2021																								
Banking & Credit	RFP & Contract for Line of Credit	8/1/2020																								
	Finalize financial Plan and Rates	10/1/2020																								
	Transaction Testing with SDG&E	12/1/2020																								
Customer Noticing	RFP & Contract for Data Mgmt, Billing, Call Cntr, and Mrkt	8/1/2020																								
	Systems Testing with SDG&E	10/1/2020																								
	CCA Website Finalized	11/1/2020																								
	Call Center and CRM Operational	12/1/2020																								
	Pre-Enrollment Notice 1	1/1/2021																								
	Pre-Enrollment Notice 2	2/1/2021																								
	Customer Program Transitions Notice	3/1/2021																								
	Program Launch	4/1/2021																								
	Post-Enrollment Notice 1	4/8/2021																								
	Post-Enrollment Notice 2	5/10/2021																								

Scenario 2: 50% Renewable at Launch 100% by 2035

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues from Operations ($)											
Electric Sales Revenues	$53,443,758	$79,658,888	$81,328,895	$83,660,920	$91,882,645	$94,596,442	$97,995,498	$101,178,725	$104,449,490	$108,427,393	$112,194,654
Less Uncollected Accounts	$106,888	$159,318	$162,658	$167,322	$183,765	$189,193	$195,991	$202,357	$208,899	$216,855	$224,389
Total Revenues	$53,336,871	$79,499,570	$81,166,237	$83,493,599	$91,698,880	$94,407,249	$97,799,507	$100,976,368	$104,240,591	$108,210,538	$111,970,265
Cost of Operations ($)											
Cost of Energy	$45,149,887	$65,639,711	$67,701,323	$70,809,615	$72,765,270	$75,194,534	$77,391,738	$79,565,046	$81,761,500	$84,275,236	$87,195,028
Operating & Administrative											
Billing & Data Management	$1,556,196	$2,168,572	$2,225,657	$2,284,245	$2,344,376	$2,406,089	$2,469,427	$2,534,432	$2,601,148	$2,669,621	$2,739,896
SDG&E Fees	$627,307	$374,185	$384,035	$394,144	$404,520	$415,168	$426,097	$437,314	$448,826	$460,641	$472,766
Consulting Services	$1,170,300	$1,747,668	$1,517,319	$1,547,666	$1,578,619	$1,610,191	$1,642,395	$1,675,243	$1,708,748	$1,742,923	$1,777,781
Staffing	$1,612,863	$1,891,994	$1,929,834	$1,968,430	$2,007,799	$2,047,955	$2,088,914	$2,130,692	$2,173,306	$2,216,772	$2,261,108
General & Administrative expenses	$219,963	$160,430	$163,638	$166,911	$272,249	$173,654	$177,127	$180,670	$286,283	$187,969	$191,728
Debt Service	$2,075,836	$2,264,548	$2,264,548	$2,264,548	$2,264,548	$0	$0	$0	$0	$0	$0
Total O&A Costs	$7,262,464	$8,607,396	$8,485,031	$8,625,945	$8,872,111	$6,653,058	$6,803,961	$6,958,351	$7,218,312	$7,277,926	$7,443,280
Total Cost	$52,412,351	$74,247,107	$76,186,354	$79,435,559	$81,637,381	$81,847,592	$84,195,698	$86,523,398	$88,979,812	$91,553,162	$94,638,308
Net Income from Operations	$924,519	$5,252,463	$4,979,883	$4,058,039	$10,061,499	$12,559,657	$13,603,809	$14,452,970	$15,260,779	$16,657,376	$17,331,957
Cash from Operations and Financing											
Net Income	$924,519	$5,252,463	$4,979,883	$4,058,039	$10,061,499	$12,559,657	$13,603,809	$14,452,970	$15,260,779	$16,657,376	$17,331,957
Cash from Financing	$10,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Available	$10,924,519	$5,252,463	$4,979,883	$4,058,039	$10,061,499	$12,559,657	$13,603,809	$14,452,970	$15,260,779	$16,657,376	$17,331,957
Net Income Allocation											
Working Capital Repayment (Remainder)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Programs/Additional Rate Savings	$0	$0	$0	$0	$4,162,439	$12,559,657	$13,603,809	$14,452,970	$15,260,779	$16,657,376	$17,331,957
Total Reserve Outlays	$0	$0	$0	$0	$4,162,439	$12,559,657	$13,603,809	$14,452,970	$15,260,779	$16,657,376	$17,331,957
Rate Stabilization Reserve Balance	**$10,924,519**	**$16,176,982**	**$21,156,864**	**$25,214,904**	**$31,113,964**	**$31,113,964**	**$31,113,964**	**$31,113,964**	**$31,113,964**	**$31,113,964**	**$31,113,964**
CCA Total Bill	$232,994,699	$315,514,644	$323,820,252	$332,344,496	$347,435,751	$356,581,650	$365,968,305	$375,602,055	$385,489,403	$395,637,026	$406,051,775
SDG&E Total Bill	$237,749,693	$321,953,719	$330,428,828	$339,127,037	$354,526,277	$363,858,826	$373,437,046	$383,267,403	$393,356,534	$403,711,251	$414,338,546
Difference	$4,754,994	$6,439,074	$6,608,577	$6,782,541	$7,090,526	$7,277,177	$7,468,741	$7,665,348	$7,867,131	$8,074,225	$8,286,771
Savings	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Appendix C – Staffing and Infrastructure Detail

Scenario 2: 50% Renewable at Launch 100% by 2035

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	20310
Infrastructure											
Computers	51,000	-	-	-	51,000	-	-	-	51,000	-	-
Furnishings	51,000	-	-	-	51,000	-	-	-	51,000	-	-
Office Space	55,080	74,909	76,407	77,935	79,494	81,084	82,705	84,359	86,047	87,768	89,523
Utilities and other Office supplies	-	-	-	-	-	-	-	-	-	-	-
Board travel	5,508	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777	8,952
Memberships	57,375	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632	91,425	93,253
Energy Coalition	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructure Costs	219,963	160,430	163,638	166,911	272,249	173,654	177,127	180,670	286,283	187,969	191,728
Consulting											
Legal/Regulatory	76,500	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899	124,337
Advertising/Communication	153,000	208,080	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899	124,337
Human Resources firm	-	-	-	-	-	-	-	-	-	-	-
Technical Consultants	91,800	124,848	127,345	129,892	132,490	135,139	137,842	140,599	143,411	146,279	149,205
Data Management	1,556,196	2,168,572	2,225,657	2,284,245	2,344,376	2,406,089	2,469,427	2,534,432	2,601,148	2,669,621	2,739,896
Financial Consulting	191,250	260,100	265,302	270,608	276,020	281,541	287,171	292,915	298,773	304,749	310,844
Accounting Services	-	-	-	-	-	-	-	-	-	-	-
IT	76,500	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509	121,899	124,337
Ongoing Customer Support	114,750	312,120	159,181	162,365	165,612	168,924	172,303	175,749	179,264	182,849	186,506
Total Consulting Costs (excl Data Mgmt)	703,800	1,113,228	870,191	887,594	905,346	923,453	941,922	960,761	979,976	999,575	1,019,567
Power Management											
Scheduling Coordinator	466,500	634,440	647,129	660,071	673,273	686,738	700,473	714,482	728,772	743,348	758,215
Staffing	1,612,863	1,891,994	1,929,834	1,968,430	2,007,799	2,047,955	2,088,914	2,130,692	2,173,306	2,216,772	2261107.8
IOU Fees											
SDG&E Billing Fees	268,520	374,185	384,035	394,144	404,520	415,168	426,097	437,314	448,826	460,641	472,766
Director of Marketing and Public Affairs	358,787	-	-	-	-	-	-	-	-	-	-
Total IOU Fees	627,307	374,185	384,035	394,144	404,520	415,168	426,097	437,314	448,826	460,641	472,766

Appendix D – CCA Cash Flow Analysis

Scenario 2: 50% Renewable at Launch 100% by 2035

	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Flow												
Revenues												
CCA Generation Revenues	$0	$0	$0	$0	$435,491	$3,930,498	$4,760,145	$7,354,368	$8,953,960	$10,549,508	$10,411,870	$8,383,031
Uncollected accounts	$0	$0	$0	$0	$871	$7,861	$9,520	$14,709	$17,908	$21,099	$20,824	$16,766
CCA Revenues based on Projected Rates	$0	$0	$0	$0	$434,620	$3,922,637	$4,750,625	$7,339,659	$8,936,052	$10,528,409	$10,391,047	$8,366,265
Expenses												
Power Supply												
Power Procurement	$0	$0	$0	$0	$3,250,785	$3,308,159	$3,967,601	$7,590,932	$9,525,752	$9,080,875	$5,141,123	$4,388,413
Total Power Supply	$0	$0	$0	$0	$3,250,785	$3,308,159	$3,967,601	$7,590,932	$9,525,752	$9,080,875	$5,141,123	$4,388,413
CCA Program Costs												
Data Management	$0	$0	$0	$173,608	$173,908	$174,208	$174,673	$174,148	$173,718	$173,156	$172,985	$172,652
Scheduling Coordinator	$0	$0	$0	$51,833	$51,833	$51,833	$51,833	$51,833	$51,833	$51,833	$51,833	$51,833
IOU Fees (including Billing & Notification)	$180,098	$0	$180,098	$29,956	$30,008	$30,059	$30,140	$30,049	$29,975	$29,878	$29,848	$29,791
Consultants	$0	$0	$0	$78,200	$78,200	$78,200	$78,200	$78,200	$78,200	$78,200	$78,200	$78,200
Staffing	$73,897	$73,897	$73,897	$154,575	$154,575	$154,575	$154,575	$154,575	$154,575	$154,575	$154,575	$154,575
General & Admin	$0	$0	$0	$115,107	$13,107	$13,107	$13,107	$13,107	$13,107	$13,107	$13,107	$13,107
Debt Payment	$0	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712	$188,712
CPUC Bond	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SDG&E Bond	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses (excl PCIA)	$253,995	$262,609	$442,707	$791,991	$3,941,128	$3,998,854	$4,658,841	$8,281,556	$10,215,872	$9,770,337	$5,830,383	$5,077,282
Cash flow												
Beginning Balance	$0	$9,746,005	$9,483,396	$9,040,689	$8,248,697	$4,742,190	$4,665,972	$4,757,756	$3,815,860	$2,536,040	$3,294,112	$7,854,775
Additions												
Revenues	$0	$0	$0	$0	$434,620	$3,922,637	$4,750,625	$7,339,659	$8,936,052	$10,528,409	$10,391,047	$8,366,265
Financing	$10,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reductions	$253,995	$262,609	$442,707	$791,991	$3,941,128	$3,998,854	$4,658,841	$8,281,556	$10,215,872	$9,770,337	$5,830,383	$5,077,282
Ending Balance	$9,746,005	$9,483,396	$9,040,689	$8,248,697	$4,742,190	$4,665,972	$4,757,756	$3,815,860	$2,536,040	$3,294,112	$7,854,775	$11,143,758

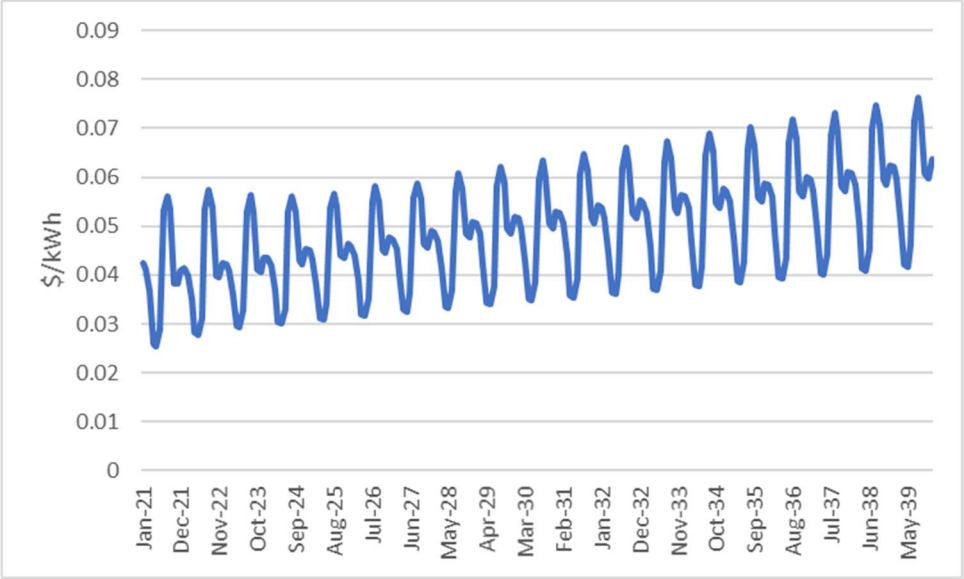
Appendix E – Power Supply Detail

Wholesale Market Prices

Market prices for SP15, which is the southern California energy market location, were taken from S&P Global. An adder of $1/MWh was included in the forecast PPA prices to account for potential price differences between SP15 and the pricing nodes at which the CCA would transact.

Exhibit E-1 below shows forecast monthly southern California wholesale electric market prices. The levelized value of market prices over the 20-year study period is $0.0407/kWh (2018$) assuming a 4% discount rate. Electric market prices peak in the winter and summer when there is large heating and cooling load.

Exhibit E-1
Forecast Southern California Wholesale Market Prices



Wholesale power prices have been used to calculate balancing market purchases and sales. When the CCA's loads are greater than its resource capabilities, the CCA's scheduling coordinator would schedule balancing purchases and the CCA would incur balancing market purchase costs. When the CCA's loads are less than its resource capabilities, the CCA's scheduling coordinator would transact balancing sales and the CCA would receive market sales revenue. Balancing market purchases and sales can be transacted on a monthly, daily and hourly pre-schedule basis.

Ancillary and Congestion Costs

The CCA would pay the CAISO for transmission congestion and ancillary services. Transmission congestion occurs when there is insufficient capacity to meet the demands of all transmission customers. Congestion refers to a shortage of transmission capacity to supply a waiting market and is marked by systems running at full capacity and still being unable to serve the needs of all customers. The transmission system is not allowed to run above its rated capacities. Congestion is managed by the CAISO by charging congestion charges in the day-ahead market. Congestion charges can be managed through the use of Congestion Revenue Rights (CRR). CRRs are financial instruments made available through a CRR allocation, a CRR auction, and a secondary registration system. CRR holders manage variability in congestion costs. The CCA's congestion charges would depend on the transmission paths used to bring resources to load. As such, the location of generating resources used to serve the CCA load would impact these congestion costs.

The Grid Management Charge (GMC) is the vehicle through which the CAISO recovers its administrative and capital costs from the entities that utilize the CAISO's services. Based on a survey of GMC costs currently paid by CAISO participants, the CCA's GMC costs are expected to be near $0.5/MWh.

The CAISO performs annual studies to identify the minimum local resource capacity required in each local area to meet established reliability criteria. Load serving entities receive a proportional allocation of the minimum required local resource capacity by transmission access charge area and submit resource adequacy plans to show that they have procured the necessary capacity. Depending on these results of the annual studies, there may be costs associated with local capacity requirements for the CCA.

Because generation is delivered as it is produced and, particularly with respect to renewables which can be intermittent, deliveries need to be firmed using ancillary services to meet the CCA's load requirements. Ancillary services would need to be purchased from the CAISO. Regulation and operating reserves are described below.

- *Regulation Service:* Regulation service is necessary to provide for the continuous balancing of resources with load and for maintaining scheduled interconnection frequency at 60 cycles per second (60 Hertz). Regulation and frequency response service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load.

- *Operating Reserves - Spinning Reserve Service:* Spinning reserve service is needed to serve load immediately in the event of a system contingency. Spinning reserve service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service.

- *Operating Reserves – Non-Spinning Reserve Service:* Non-spinning reserve service is available within a short period of time to serve load in the event of a system contingency. Non-spinning reserve service may be provided by generating units that are on-line but not providing power, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service.

Based on a survey of ancillary service costs currently paid by CAISO participants, the CCA's ancillary service costs are estimated to be near $0.003/kWh. The Study's base case assumes ancillary service costs are $0.003/kWh in 2020, escalating by 20% annually through 2026 and at 5% thereafter. Serving a greater percentage of load, 60% to 100% as is modeled in the Study, with renewables would likely result in increased grid congestion and higher ancillary service costs. These increased costs are evaluated in the sensitivity analysis.

Scheduling Coordinator Services

A scheduling coordinator provides day-ahead and real-time power and transmission scheduling services. Scheduling coordinators bear the responsibility for accurate and timely load forecasting and resource scheduling including wholesale power purchases and sales required to maintain hourly load/resource balances. A scheduling coordinator needs to provide the marketing expertise and analytical tools required to optimally dispatch the CCA's surplus resources on a monthly, daily, and hourly basis.

The CCA's scheduling coordinator would need to forecast the CCA's hourly loads as well as the CCA's hourly resources including shares of any hydro, wind, solar, and other resources in which the CCA is a participant/purchaser. Forecasting the output of hydro, wind, and solar projects involves more variables than forecasting loads. Scheduling coordinators already have models set up to accurately forecast hourly hydro, wind, and solar generation. Accurate load and resource forecasting would be a key element in assuring the Partners' CCA power supply costs are minimized.

A scheduling coordinator also provides monthly checkout and after-the-fact reconciliation services. This requires scheduling coordinators to agree on the amount of energy purchased and/or sold and the purchase costs and/or sales revenue associated with each counterparty with which the CCA transacted in a given month.

A scheduling coordinator provides day-ahead and real-time power and transmission scheduling services. Scheduling coordinators bear the responsibility for accurate and timely load forecasting and resource scheduling including wholesale power purchases and sales required to maintain hourly load/resource balances. A scheduling coordinator needs to provide the marketing expertise and analytical tools required to optimally dispatch the CCA's surplus and deficit resources on a monthly, daily and hourly basis.

Inside each hour, the CAISO Energy Imbalance Market (EIM) takes over load/resource balancing duties. The EIM automatically balances loads and resources every fifteen minutes and dispatches

least-cost resources every 5-minutes. The EIM allows balancing authorities to share reserves, and more reliably and efficiently integrate renewable resources across a larger geographic region.

Within a given hour, metered energy (i.e., actual usage) may differ from supplied power due to hourly variations in resource output or unexpected load deviations. Deviations between metered energy and supplied power are accounted for by the EIM. The imbalance market is used to resolve imbalances between supply and demand. The EIM deals only with energy, not ancillary services or reserves.

The EIM optimally dispatches participating resources to maintain load/resource balance in real-time. The EIM uses the CAISO's real-time market, which uses Security Constrained Economic Dispatch (SCED). SCED finds the lowest cost generation to serve the load taking into account operational constraints such as limits on generators or transmission facilities. The five-minute market automatically procures generation needed to meet future imbalances. The purpose of the five-minute market is to meet the very short-term load forecast. Dispatch instructions are effectuated through the Automated Dispatch System (ADS).

The CAISO is the market operator and runs and settles EIM transactions. The CCA's scheduling coordinator would submit the CCA's load and resource information to the market operator. EIM processes are running continuously for every fifteen-minute and five-minute interval, producing dispatch instructions and prices.

Participating resource scheduling coordinators submit energy bids to let the market operator know that they are available to participate in the real-time market to help resolve energy imbalances. Resource schedulers may also submit an energy bid to declare that resources will increase or decrease generation if a certain price is struck. An energy bid is comprised of a megawatt value and a price. For every increase in megawatt level, the settlement price also increases.

The CAISO calculates financial settlements based on the difference between schedules and actual meter data and bid prices during each hour. Locational Marginal Prices (LMP) are used in settlement calculations. The LMP is the price of a unit of energy at a particular location at a given time. LMPs are influenced by nearby generation, load level, and transmission constraints and losses.

Appendix F – Separate City Results

Introduction

A jurisdiction participation case was developed to present the impacts of designing a CCA with only one of the three jurisdictions. The main section of the Study includes results for all three cities; however, a single jurisdiction can individually establish and operate a CCA. The benefit of a single city CCA is that the city can make all policy decisions on revenues, power mix, and programs. However, all risk and liability associated with the CCA fall solely on this single jurisdiction. In this structure, it is recommended that the Partners develop contractual language to minimize risk to general funds, maintain adequate operating reserves, proactively track regulatory activities, and manage its energy portfolio. Solana Energy Alliance, Apple Valley Choice Energy, Lancaster Choice Energy, and CleanPowerSF are examples of single jurisdiction governance models.

The feasibility analysis found that the larger city of Chula Vista can establish a single jurisdiction CCAs and still provide 2% rate discounts to ratepayers. The cities of La Mesa and Santee only have about half of the load of Chula Vista. To operate a financially stable CCA in La Mesa and Santee, costs would have to be reduced further to ensure sufficient reserves are collected.

Analysis

The financial proforma model was developed for each city based on the Scenario 2 power supply portfolio. Power supply, data management, billing, SDG&E charges, and non-bypassable charges were reduced to reflect the lower load and number of customers. For the remaining costs, the assumptions were modified to meet the expected requirement for each city based on the potential number of customers.

Chula Vista

The City of Chula Vista has about 89,000 accounts or about 64% of the three-city total. If the City of Chula Vista decides to establish a standalone CCA, it was assumed that the staffing, consulting, and administrative costs would be approximately the same as a three-city CCA. The only change in costs assumed were related to power supply, data management and SDG&E charges. In addition, the working capital needs were reduced to $5 million. Based on this analysis, Chula Vista can offer 2% discount to SDG&E bills and collect up to $14 million in reserves by 2026.

La Mesa

The City of La Mesa has approximately 28,000 accounts or about 20% of the three-city total. If the City of La Mesa decides to establish a standalone CCA, the costs other than those related to power supply, data management and SDG&E charges would need to be below $2 million per year. To model the scenario for La Mesa, it was assumed that the CCA would spend approximately $800,000 per year in staffing costs, another $400,000 to $500,00 in consulting costs, and under $100,000 in A&G. For the analysis, the working capital needs were reduced to $4 million and it was assumed that it would be paid off over five years. Based on this analysis, if La Mesa offers 1% discount to SDG&E bills the reserve level by 2026 would be $3.0 million. It can therefore be concluded that while La Mesa could operate a standalone CCA, the costs other than those related to power supply, data management and SDG&E charges would need to be significantly below $2 million per year in order for sufficient reserves to be accumulated.

Santee

The City of Santee has approximately 22,000 accounts or about 16% of the three-city total. If the City of Santee decides to establish a standalone CCA, the costs other than those related to power supply, data management and SDG&E charges would need to be below $2 million per year. To model the scenario for Santee, it was assumed that the CCA would spend approximately $800,000 per year in staffing costs, another $400,000 to $500,00 in consulting costs, and under $100,000 in A&G. For the analysis, the working capital needs were reduced to $3.75 million and it was assumed that it would be paid off over five years. Based on this analysis, if Santee offers 1% discount to SDG&E bills then the reserve level by 2026 would be $1.6 million. It can therefore be concluded that while Santee could operate a standalone CCA, the costs other than those related to power supply, data management and SDG&E charges would need to be significantly below $2 million per year in order for sufficient reserves to be accumulated.

Results

The Partner CCA analysis demonstrates that a three-city CCA could offer 2% rate discount. Under the separate city results, the proformas on the following pages demonstrate that the same level of savings could potentially be offered by Chula Vista, while la Mesa and Santee would only be able to reduce rates by 1% although additional cost reductions would be needed to ensure robust financial performance of the CCA.

City of Chula Vista 50% to 100% Renewable by 2035											
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Revenues from Operations ($)											
Electric Sales Revenues	$32,815,290	$49,591,297	$50,625,391	$52,082,289	$57,238,231	$59,875,890	$61,048,995	$63,033,398	$65,072,378	$67,553,287	$69,902,353
Less Uncollected Accounts	$65,631	$99,183	$101,251	$104,165	$114,476	$119,752	$122,098	$126,067	$130,145	$135,107	$139,805
Total Revenues	$32,749,660	$49,492,114	$50,524,140	$51,978,124	$57,123,754	$59,756,139	$60,926,897	$62,907,331	$64,942,233	$67,418,181	$69,762,548
Cost of Operations ($)											
Cost of Energy	$28,115,313	$41,643,073	$43,285,459	$45,640,150	$47,252,259	$49,097,973	$50,786,963	$52,470,939	$54,191,399	$56,133,680	$58,776,797
Operating & Administrative											
Billing & Data Management	$993,785	$1,385,629	$1,422,104	$1,459,539	$1,497,960	$1,537,393	$1,577,863	$1,619,399	$1,662,028	$1,705,779	$1,750,682
SDG&E Fees	$413,101	$239,089	$245,383	$251,842	$258,472	$265,276	$272,259	$279,426	$286,781	$294,330	$302,078
Consulting Services	$1,170,300	$1,747,668	$1,517,319	$1,547,666	$1,578,619	$1,610,191	$1,642,395	$1,675,243	$1,708,748	$1,742,923	$1,777,781
Staffing	$1,612,863	$1,891,994	$1,929,834	$1,968,430	$2,007,799	$2,047,955	$2,088,914	$2,130,692	$2,173,306	$2,216,772	$2,261,108
General & Administrative expenses	$219,963	$160,430	$163,638	$166,911	$272,249	$173,654	$177,127	$180,670	$286,283	$187,969	$191,728
Debt Service	$1,141,710	$1,245,501	$1,245,501	$1,245,501	$1,245,501	$0	$0	$0	$0	$0	$0
Total O&A Costs	$5,551,722	$6,670,310	$6,523,779	$6,639,890	$6,860,601	$5,634,469	$5,758,558	$5,885,430	$6,117,146	$6,147,774	$6,283,378
Total Cost	$33,667,035	$48,313,383	$49,809,239	$52,280,041	$54,112,860	$54,732,442	$56,545,521	$58,356,369	$60,308,546	$62,281,454	$65,060,175
Net Income from Operations	($917,375)	$1,178,731	$714,902	($301,916)	$3,010,895	$5,023,696	$4,381,376	$4,550,962	$4,633,687	$5,136,727	$4,702,373
Cash from Operations and Financing											
Net Income	($917,375)	$1,178,731	$714,902	($301,916)	$3,010,895	$5,023,696	$4,381,376	$4,550,962	$4,633,687	$5,136,727	$4,702,373
Cash from Financing	$5,500,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Available	$4,582,625	$1,178,731	$714,902	($301,916)	$3,010,895	$5,023,696	$4,381,376	$4,550,962	$4,633,687	$5,136,727	$4,702,373
Net Income Allocation											
Working Capital Repayment (Remainder)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Programs/Additional Rate Savings	$0	$0	$0	$0	$0	$0	$0	$1,751,624	$4,633,687	$5,136,727	$4,702,373
Total Reserve Outlays	$0	$0	$0	$0	$0	$0	$0	$1,751,624	$4,633,687	$5,136,727	$4,702,373
Rate Stabilization Reserve Balance	**$4,582,625**	**$5,761,356**	**$6,476,258**	**$6,174,342**	**$9,185,236**	**$14,208,933**	**$18,590,308**	**$21,389,647**	**$21,389,647**	**$21,389,647**	**$21,389,647**
CCA Total Bill	$144,339,355	$196,767,567	$201,947,277	$207,263,125	$216,706,093	$223,357,110	$228,265,476	$234,274,337	$240,441,374	$246,770,753	$253,266,746
SDG&E Total Bill	$147,285,057	$200,783,232	$206,068,650	$211,493,201	$221,128,738	$226,949,731	$232,923,955	$239,055,446	$245,348,341	$251,806,891	$258,435,456
Difference	$2,945,701	$4,015,665	$4,121,373	$4,230,076	$4,422,645	$3,592,620	$4,658,479	$4,781,109	$4,906,967	$5,036,138	$5,168,709
Savings	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

City of La Mesa 50% to 100% Renewable by 2035											
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Revenues from Operations ($)											
Electric Sales Revenues	$11,269,777	$16,666,794	$17,026,515	$17,513,453	$19,187,573	$19,751,294	$20,451,809	$21,110,106	$21,786,554	$22,604,120	$23,380,302
Less Uncollected Accounts	$22,540	$33,334	$34,053	$35,027	$38,375	$39,503	$40,904	$42,220	$43,573	$45,208	$46,761
Total Revenues	$11,247,237	$16,633,460	$16,992,462	$17,478,426	$19,149,198	$19,711,791	$20,410,906	$21,067,886	$21,742,981	$22,558,911	$23,333,542
Cost of Operations ($)											
Cost of Energy	$9,232,873	$13,417,629	$13,935,668	$14,676,986	$15,193,853	$15,788,223	$16,328,261	$16,866,969	$17,417,694	$18,039,687	$18,885,651
Operating & Administrative											
Billing & Data Management	$318,883	$444,547	$456,249	$468,259	$480,586	$493,237	$506,221	$519,546	$533,223	$547,260	$561,666
SDG&E Fees	$155,819	$76,706	$78,725	$80,798	$82,925	$85,108	$87,348	$89,647	$92,007	$94,429	$96,915
Consulting Services	$818,400	$1,191,054	$1,082,224	$1,103,869	$1,125,946	$1,148,465	$1,171,434	$1,194,863	$1,218,760	$1,243,135	$1,267,998
Staffing	$800,265	$772,730	$788,185	$803,949	$820,028	$836,428	$853,157	$870,220	$887,624	$905,377	$923,484
General & Administrative expenses	$158,763	$160,430	$163,638	$166,911	$211,049	$173,654	$177,127	$180,670	$225,083	$187,969	$191,728
Debt Service	$830,334	$905,819	$905,819	$905,819	$905,819	$0	$0	$0	$0	$0	$0
Total O&A Costs	$3,082,465	$3,551,286	$3,474,841	$3,529,605	$3,626,353	$2,736,892	$2,795,287	$2,854,946	$2,956,698	$2,978,170	$3,041,791
Total Cost	$12,315,337	$16,968,915	$17,410,509	$18,206,591	$18,820,205	$18,525,114	$19,123,548	$19,721,915	$20,374,392	$21,017,857	$21,927,442
Net Income from Operations	($1,068,100)	($335,455)	($418,047)	($728,165)	$328,993	$1,186,677	$1,287,358	$1,345,971	$1,368,589	$1,541,055	$1,406,099
Cash from Operations and Financing											
Net Income	($1,068,100)	($335,455)	($418,047)	($728,165)	$328,993	$1,186,677	$1,287,358	$1,345,971	$1,368,589	$1,541,055	$1,406,099
Cash from Financing	$4,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Available	$2,931,900	($335,455)	($418,047)	($728,165)	$328,993	$1,186,677	$1,287,358	$1,345,971	$1,368,589	$1,541,055	$1,406,099
Net Income Allocation											
Working Capital Repayment (Remainder)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Programs/Additional Rate Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,299,852	$1,406,099
Total Reserve Outlays	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,299,852	$1,406,099
Rate Stabilization Reserve Balance	**$2,931,900**	**$2,596,445**	**$2,178,398**	**$1,450,232**	**$1,779,225**	**$2,965,902**	**$4,253,260**	**$5,599,230**	**$6,967,819**	**$7,209,022**	**$7,209,022**
CCA Total Bill	$47,257,155	$63,794,100	$65,473,415	$67,196,938	$70,243,137	$72,092,217	$73,989,973	$75,937,685	$77,936,747	$79,988,354	$82,093,719
SDG&E Total Bill	$47,734,452	$64,438,484	$66,134,763	$67,875,695	$70,952,664	$72,820,421	$74,737,346	$76,704,732	$78,723,908	$80,796,236	$82,923,116
Difference	$477,297	$644,385	$661,348	$678,757	$709,527	$728,204	$747,373	$767,047	$787,160	$807,882	$829,397
Savings	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

City of Santee 50% to 100% Renewable by 2035											
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Revenues from Operations ($)											
Electric Sales Revenues	$10,135,375	$14,726,126	$15,047,950	$15,494,380	$16,801,076	$17,298,784	$17,915,992	$18,458,813	$19,013,840	$19,687,817	$20,321,555
Less Uncollected Accounts	$20,271	$29,452	$30,096	$30,989	$33,602	$34,598	$35,832	$36,918	$38,028	$39,376	$40,643
Total Revenues	$10,115,104	$14,696,674	$15,017,854	$15,463,391	$16,767,474	$17,264,186	$17,880,160	$18,421,895	$18,975,812	$19,648,441	$20,280,912
Cost of Operations ($)											
Cost of Energy	$8,297,665	$11,799,161	$12,244,028	$12,883,964	$13,335,750	$13,857,618	$14,328,855	$14,798,952	$15,279,688	$15,823,104	$16,562,796
Operating & Administrative											
Billing & Data Management	$248,492	$346,280	$355,395	$364,750	$374,352	$384,207	$394,320	$404,701	$415,354	$426,288	$437,509
SDG&E Fees	$128,968	$59,750	$61,323	$62,937	$64,594	$66,294	$68,040	$69,831	$71,669	$73,556	$75,492
Consulting Services	$818,400	$1,191,054	$1,082,224	$1,103,869	$1,125,946	$1,148,465	$1,171,434	$1,194,863	$1,218,760	$1,243,135	$1,267,998
Staffing	$800,265	$772,730	$788,185	$803,949	$820,028	$836,428	$853,157	$870,220	$887,624	$905,377	$923,484
General & Administrative expenses	$158,763	$160,430	$163,638	$166,911	$211,049	$173,654	$177,127	$180,670	$225,083	$187,969	$191,728
Debt Service	$778,438	$849,206	$849,206	$849,206	$849,206	$0	$0	$0	$0	$0	$0
Total O&A Costs	$2,933,326	$3,379,449	$3,299,971	$3,351,622	$3,445,175	$2,609,048	$2,664,078	$2,720,284	$2,818,491	$2,836,324	$2,896,212
Total Cost	$11,230,991	$15,178,610	$15,543,999	$16,235,586	$16,780,924	$16,466,667	$16,992,934	$17,519,236	$18,098,178	$18,659,429	$19,459,008
Net Income from Operations	($1,115,887)	($481,936)	($526,145)	($772,195)	($13,450)	$797,520	$887,226	$902,660	$877,634	$989,013	$821,904
Cash from Operations and Financing											
Net Income	($1,115,887)	($481,936)	($526,145)	($772,195)	($13,450)	$797,520	$887,226	$902,660	$877,634	$989,013	$821,904
Cash from Financing	$3,750,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Available	$2,634,113	($481,936)	($526,145)	($772,195)	($13,450)	$797,520	$887,226	$902,660	$877,634	$989,013	$821,904
Net Income Allocation											
Working Capital Repayment (Remainder)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Programs/Additional Rate Savings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Reserve Outlays	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rate Stabilization Reserve Balance	**$2,634,113**	**$2,152,176**	**$1,626,032**	**$853,837**	**$840,387**	**$1,637,906**	**$2,525,133**	**$3,427,792**	**$4,305,426**	**$5,294,438**	**$6,116,343**
CCA Total Bill	$42,304,510	$56,391,240	$57,864,262	$59,407,068	$61,926,752	$63,560,277	$65,234,882	$66,916,812	$68,640,273	$70,403,849	$72,211,520
SDG&E Total Bill	$42,731,872	$56,842,276	$58,338,593	$59,874,298	$62,561,127	$64,207,986	$65,898,197	$67,632,901	$69,413,270	$71,240,505	$73,115,840
Difference	$427,361	$451,037	$474,331	$467,230	$634,375	$647,709	$663,315	$716,089	$772,997	$836,655	$904,320
Savings	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%