City of Santee
Adjourned Regular Meeting Agenda
Santee City Council

Wednesday, September 18, 2019
7:00 PM

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

Adjourned 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: Sonrise Church

PLEDGE OF ALLEGIANCE:

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 and Resolutions on the agenda. (City Clerk – Ortiz)

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

(3) Adoption of a Resolution approving the Third Amendment to the Contract with West Coast Arborist Incorporated, increasing the FY 2019-2020 Contract amount from $135,696.00 to $155,196.00 and authorizing the City Manager to execute said Third Amendment. (Community Services – Maertz)

PUBLIC HEARING:

(4) Public Hearing for a Conditional Use Permit (P2019-1) and a height variance for a four-story, 122-guestroom hotel on a vacant 2.05-acre lot at 8801 Mission Gorge Road in the General Commercial (GC) Zone and finding the project categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332 (APN 383-112-52-00). Applicant: Gold Coast Properties CA 4, LLC. (Development Services – Kush)

Recommendation:

1. Conduct and close the Public Hearing; and
2. Find Conditional Use Permit (P2019-1) Categorically Exempt from the provisions of CEQA pursuant to Section 15332 of the CEQA Guidelines and authorize the filing of a Notice of Exemption; and
3. Adopt the Resolution approving Conditional Use Permit (P2019-1) with the corresponding height variance.

CONTINUED BUSINESS:

(5) Community Choice Aggregation workshop and review of governance options. (City Manager/City Attorney – Best/Hagerty)

Recommendation:

1. Provide direction to staff to:
   a. Form an Enterprise CCA; or
   b. Establish a partner JPA with the City of Carlsbad and other potential partners; or
   c. Join the Regional JPA with the City of San Diego; or
   d. Do nothing at this time.
2. Direct staff to bring back the necessary documents, including an Ordinance and Joint Powers Agreement, for implementation of the selected CCA governance structure, if any.

(6) Review and approval of branding research study results by North Star Destination Strategies. (City Manager – Best)

Recommendation:

Review and approve the research results provided by North Star Destination Strategies and authorize the consultant to continue work on the new City Brand.

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:

ADJOURNMENT:

September & October Meetings

Sept	05	SPARC	Civic Center Building 8A
Sept	09	Community Oriented Policing Committee	Council Chamber
Sept	11	Council Meeting	Council Chamber
Sept	18	Council Meeting	Council Chamber
Sept	19	Manufactured Home Fair Practices Commission	Council Chamber
Sept	25	Council Meeting	Council Chamber
Oct	03	SPARC	Civic Center Building 8A
Oct	09	Council Meeting	Council Chamber
Oct	14	Community Oriented Policing Committee	Council Chamber
Oct	23	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.

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

AFFIDAVIT OF POSTING AGENDA

I, James Jeffries, Administrative Secretary 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 September 13, 2019, at 4:00 p.m.

Signature _____ 09/13/19
Date

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE September 18, 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 JH for AO 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 September 18, 2019 **AGENDA ITEM NO.**

ITEM TITLE CLAIM AGAINST THE CITY BY COX COMMUNICATIONS

DIRECTOR/DEPARTMENT Jessie Bishop, Director of Human Resources JB

SUMMARY

A claim was filed against the City by Cox Communications. The claim was reviewed by the City's Director of Human Resources prior to bringing it forward for consideration. The Director of Human Resources recommends this claim be rejected as provided in Government Code Section 913.

The claim documents are on file in the Office of the City Clerk for Council reference.

FINANCIAL STATEMENT HJ for TM There is no financial impact to the City by rejecting claims.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION MSB

Reject claim as per Government Code Section 913.

ATTACHMENTS

None

City of Santee
COUNCIL AGENDA STATEMENT

Item 3

MEETING DATE September 18, 2019 **AGENDA ITEM NO.**

ITEM TITLE RESOLUTION APPROVING THE THIRD AMENDMENT TO THE CONTRACT WITH WEST COAST ARBORISTS INCORPORATED FOR URBAN FORESTRY MAINTENANCE SERVICES

DIRECTOR/DEPARTMENT Bill Maertz, Community Services WM

SUMMARY

On June 13, 2018 the City Council awarded the contract for Urban Forestry Maintenance Services to West Coast Arborists Incorporated in the amount of $135,696 ("Contract") and authorized the City Manager to execute the Contract and approve change orders in an amount up to 10% of the then-current Contract amount for Fiscal Year (FY) 2018-19. The First and Second Amendments to the Contract were approved on October 10, 2018 and May 8, 2019, respectively. These Amendments temporarily increased the FY 2018-19 Contract amount to $227,298. The FY 2019-20 Contract amount reverted to $135,696.

Staff recently identified the need to remove one tree and prune 130 trees in the Town Center Landscape Maintenance District (Zone A) to eliminate potential hazards from falling limbs. The proposed Third Amendment to the Contract will increase the FY 2019-20 Contract amount by $19,500 from $135,696 to $155,196 to perform the required work. The FY 2020-21 Contract amount will revert to $135,696.

ENVIRONMENTAL REVIEW

This item is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to section 15061(b) (3).

FINANCIAL STATEMENT

Funding for this Third Amendment will be provided by funds available in the FY 2019-20 adopted Community Services Department budget in the Town Center Landscape Maintenance District (Zone A) Fund.

CITY ATTORNEY REVIEW

☐ N/A ☒ Completed

RECOMMENDATION MDB

Adopt the attached Resolution approving the Third Amendment to the Contract with West Coast Arborists Incorporated increasing the FY 2019-20 Contract amount from $135,696 to $155,196 and authorizing the City Manager to execute said Third Amendment.

ATTACHMENTS (Listed Below)

Resolution

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA APPROVING THE THIRD AMENDMENT TO THE CONTRACT WITH WEST COAST ARBORISTS INCORPORATED FOR URBAN FORESTRY MAINTENANCE SERVICES

WHEREAS, on June 13, 2018, the City Council approved a contract with West Coast Arborists Inc. ("Contractor") for Urban Forestry Maintenance Services in the amount of $135,696 for Fiscal Year 2018-19 and authorized the City Manager to approve change orders in an amount up to 10% of the current contract amount; and

WHEREAS, on July 1, 2018, the City and Contractor entered into a Contract for "Urban Forestry Maintenance Services" ("Contract"); and

WHEREAS, on October 10, 2018, the City Council approved the First Amendment to the Contract to increase extra work in the amount of $49,000 to alleviate a fire hazard associated with trees and brush growing on a City-owned property, thus temporarily increasing the FY 2018-19 Contract amount to $184,696 ("First Amendment"); and

WHEREAS, on May 8, 2018, the City Council approved the Second Amendment to the Contract to increase Extra Work in the amount of $42,602 to remove dead, dying, diseased or poorly structured trees in City parks, rights-of-way and flood channels and additional miscellaneous expenses, thus temporarily increasing the FY 2018-19 Contract amount from $184,696 to $227,298 ("Second Amendment"); and

WHEREAS, the FY 2019-20 Contract amount reverted to $135,696; and

WHEREAS, staff has identified a need to remove one tree and prune 130 trees in the Town Center Landscape Maintenance District (Zone A); and

WHEREAS, Contractor, has prepared a proposal for the required work totaling $19,500; and

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Santee, California, that it hereby approves the THIRD Amendment to the Contract with West Coast Arborists to increase the FY 2019-20 contract by $19,500 from $135,696 to **$155,196** and authorizes the City Manager to execute the Third Amendment. The FY 2020-21 Contract amount will revert to $135,696.

ADOPTED by the City Council of the City of Santee, California, at a Regular Meeting thereof held this 11th day of September 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: THIRD Amendment to Contract for Urban Forestry Management

**AMENDMENT TO CONTRACT
BETWEEN CITY OF SANTEE AND
WEST COAST ARBORISTS INCORPORATED
FOR URBAN FORESTRY MAINTENANCE SERVICES**

THIS THIRD AMENDMENT ("Amendment") is made and entered into as of _____, 2019, by and between the City of Santee, a California charter city ("City") and West Coast Arborists, Inc. ("Contractor"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. This Amendment is made with respect to the following facts and purposes:
   A. On June 13, 2018, the City Council approved a Professional Services Agreement with West Coast Arborists Inc. for Urban Forestry Maintenance Services.
   B. On July 1, 2018, the City and Contractor entered into a Contract for Urban Forestry Maintenance Services ("Contract").
   C. On October 10, 2018, the City Council approved the First Amendment to the Contract to increase Extra Work for an amount of $49,000 for the removal of trees located on city-owned property to eliminate a potential fire hazard, thus increasing the FY 2018-19 Contract amount from $135,696 to $184,696 ("First Amendment").
   D. On May 8, 2019, the City Council approved the Second Amendment to the Contract to increase Extra Work in the amount of $42,602 to remove dead, dying, diseased or poorly structured trees in City parks, rights-of-way and flood channels and additional miscellaneous expenses, thus temporarily increasing the FY 2018-19 Contract amount from $184,696 to $227,298, with the FY 2019-20 Contract amount reverting to $135,696.
   E. The parties now desire to amend the Contract as set forth in this Amendment to add Extra Work.
   F. This Amendment is authorized by Section 18 of Attachment A to Attachment 1 of the Contract (incorporated into the Contract as a Contract Document pursuant to Section 1 of the Contract).
2. This Amendment will modify the Contract in the following way(s):
   A. Increase Extra Work in the amount of $19,500 to prune 130 trees and remove one tree and stump within the Town Center Landscape Maintenance District (Zone A), thus temporarily increasing the FY 2019-20 Contract amount from $135,696 to **$155,196**. The FY 2020-21 Contract amount will revert to $135,696.
3. Except for the changes specifically set forth herein and in any previous amendments, all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed the day and year above written.

WEST COAST ARBORISTS INCORPORATED	**CITY OF SANTEE**	
_____	_____	_____
Signature	Marlene Best, City Manager	Date
_____	_____	_____
Print Name	Approved as to Form, City Attorney	Date
_____		
Date		

City of Santee

COUNCIL AGENDA STATEMENT

Item 4

MEETING DATE September 18, 2019 **AGENDA ITEM NO.**

ITEM TITLE **PUBLIC HEARING FOR A CONDITIONAL USE PERMIT (P2019-1) AND A HEIGHT VARIANCE FOR A FOUR-STORY, 122-GUESTROOM HOTEL ON A VACANT 2.05-ACRE LOT AT 8801 MISSION GORGE ROAD IN THE GENERAL COMMERCIAL (GC) ZONE AND FINDING THE PROJECT CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO CEQA GUIDELINES SECTION 15332 (APN 383-112-52-00). APPLICANT: GOLD COAST PROPERTIES CA 4, LLC**

DIRECTOR/DEPARTMENT Melanie Kush, Development Services

SUMMARY The proposed project is a request for a Conditional Use Permit for a Woodspring Suites Hotel on a 2.05-acre vacant lot at 8801 Mission Gorge Road in the General Commercial (GC) Zone. The Conditional Use Permit Application includes a variance request to the 40-foot height limit of the GC Zone. The proposed hotel would consist of four stories and measure 49 feet above ground level at its highest point. The hotel would have a total of 48,413 gross square feet, consisting of 122 guestrooms and a lobby, fitness center, laundry facility and offices on the ground floor. A total of 127 parking spaces would be provided. The site would include 13,426 sq. ft. of landscaping.

Section 13.12.030 of the Santee Municipal Code requires a Conditional Use Permit to operate a hotel in the General Commercial zone, primarily to analyze and ensure adequate on-site circulation and land use compatibility with surrounding development. The proposed project would be consistent with commercial development along Mission Gorge Road and complies with the required development standards including setbacks, parking and landscaping. Access to the site would be through one existing driveway along Mission Gorge Road. The street frontage at the project site along Mission Gorge Road is fully improved.

ENVIRONMENTAL REVIEW The project is Categorically Exempt from the provisions of the California Environmental Quality Act pursuant to Section 15332 "Infill Development Projects" of the CEQA Guidelines as the project is consistent with the requirements of a Class 32 CEQA Exemption as provided in the attached CEQA Exemption Analysis (Exhibit C).

FINANCIAL STATEMENT HJ for TM Staff costs for application processing are paid on an actual cost recovery basis. Development Impact Fees are estimated to be: Drainage Fee $78,210.20; Traffic Impact Fee $394,033.41; and Traffic Signal Fee $63,566.27. In addition, a 10% transient occupancy tax would be charged for each hotel guestroom rental.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATIONS JD for MDB

1. Conduct and close the Public Hearing; and
2. Find Conditional Use Permit (P2019-1) Categorically Exempt from the provisions of CEQA pursuant to Section 15332 of the CEQA Guidelines and authorize the filing of a Notice of Exemption; and
3. Adopt the attached Resolution approving Conditional Use Permit (P2019-1) with the corresponding height variance.

ATTACHMENTS

Staff Report Resolution Aerial View (Exhibit A) Project Plans (Exhibit B)
CEQA Exemption Analysis (Exhibit C)

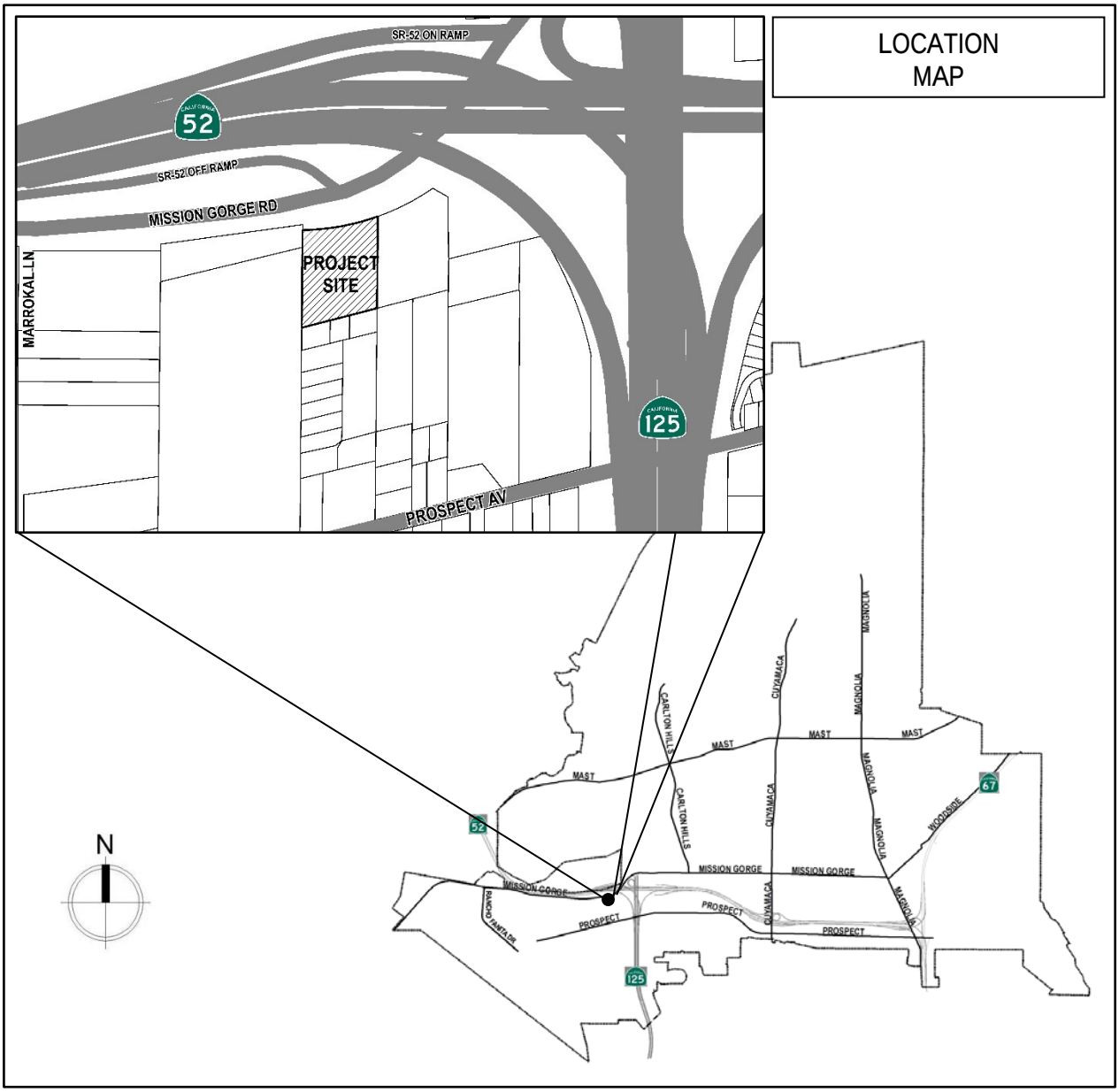
STAFF REPORT

PUBLIC HEARING FOR A CONDITIONAL USE PERMIT (P2019-1) AND A HEIGHT VARIANCE FOR A FOUR-STORY, 122-GUESTROOM HOTEL ON A VACANT 2.05-ACRE LOT AT 8801 MISSION GORGE ROAD IN THE GENERAL COMMERCIAL (GC) ZONE AND FINDING THE PROJECT CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO CEQA GUIDELINES SECTION 15332 (APN 383-112-52-00).

APPLICANT: GOLD COAST PROPERTIES CA 4, LLC

CITY COUNCIL MEETING
September 18, 2019

A Public Hearing Notice was published in the San Diego Union-Tribune on September 5, 2019 and 85 adjacent owners or residents of property within 300 feet of the request were notified by U.S. Mail on September 5, 2019.



A. SITUATION AND FACTS

1. Requested by ..... Gold Coast Properties CA 4, LLC
2. Land Owner ..... Marrokal Family Living Trust
3. Type and Purpose of Request ..... Conditional Use Permit and Height Variance for Proposed Hotel
4. Location ..... 8801 Mission Gorge Road
5. Site Area ..... 2.05 acres
6. Existing Zoning ..... GC (General Commercial)
7. Height Limit of CG Zone ..... 40 feet
8. Proposed Height ..... 49 feet
9. Surrounding Zoning ..... North: SR-52 Freeway (Not Zoned)
   South: R-2 (Low Medium Density Residential)
   East: GC (General Commercial)
   West: GC and R-7 (Medium Density Residential)
10. General Plan Designation ..... General Commercial
11. Existing Land Use ..... Vacant, undeveloped lot
12. Surrounding Land Use ..... North: SR-52 Freeway
    South: Single-family homes
    East: Auto body repair shop
    West: RV & moving truck rental business and single-family homes
13. Terrain ..... Level lot
14. Environmental Status ..... CEQA exempt per Section 15332 of CEQA Guidelines “In-fill Development Projects”
15. APN 383-112-52-00
16. Within Airport Influence Area ..... No, site is outside of Airport Influence Area 1; FAA No Hazard to Air Navigation obtained 12/13/2018 for proposed height.

B. BACKGROUND

Site Description – The 2.05-acre project site is an undeveloped, flat lot along Mission Gorge Road directly across an eastbound SR-52 Freeway off ramp. The site is located in the General Commercial (GC) zone and is surrounded by commercial development to the east and west and multiple-family residential development to the south and west.

Project Description – The proposed project consists of an application for a Conditional Use Permit (P2019-1) for a four story, 122-guestroom extended-stay hotel. The Conditional Use Permit Application includes a variance request to the 40-foot height limit of the GC Zone. The proposed hotel would consist of four stories and measure 49 feet above ground level at its highest point. The hotel would have a total of 48,413 gross square feet and in addition to the guestrooms, a lobby, fitness center, laundry facility and offices on the ground floor. A total of 127 parking spaces would be provided, including 11 electric vehicle charging spaces. The proposed project would provide approximately 13,426 square feet of landscaping.

C. ANALYSIS

Height – The General Commercial Zone has a base-height limit of 40 feet; however, a variance to this height limit may be requested as part of a Conditional Use Permit Application per Section 13.12.040.A of the Zoning Ordinance. The proposed project includes a height variance request as part of the Conditional Use Permit application, to allow the proposed hotel building to be constructed at total height of 49 feet above ground level. Clearance for this height has been obtained from the Federal Aviation Administration (FAA) via a Determination of No Hazard to Air Navigation from the FAA on December 13, 2018. As the project site does not lie within Airport Influence Area 1 of the Gillespie Field Airport Land Use Compatibility Plan, it is not subject to review and approval by the San Diego County Airport Land Use Commission. The proposed height and scale of the hotel building will not overwhelm the visual landscape of the area, because of the architectural features of the building, building setbacks, and landscaping around the building will help soften the bulk and scale the building. The proposed placement of the building approximately 107 feet from the nearest single-family residence to the south and 180 feet from the nearest single-family to the west allows the building to appear less disproportionate to the surrounding residential neighborhood. Findings for the requested height variance are included as part of the draft Conditional Use Permit Resolution.

Building Characteristics and Design – The design of the proposed hotel building represents the most recent hotel prototype of the Woodspring Suites brand, which includes natural contrasting beige and grey-green colors that are coordinated with the brand's leaf trademark. The exterior materials include stone veneer cladding on the ground floor and siding on the remainder of the building. The entry is covered by a gabled patio with exposed wooden rafters and posts, stained with a rustic brown. The building

is articulated such that there are no long, blank wall expanses. The roof is a gabled roof with a varying roofline at the fascia with dark grey asphalt shingles. A rendering of the proposed hotel is shown below:

Rendering of proposed hotel

Compatibility with Adjacent Land Uses – The proposed project is consistent with the General Commercial (GC) Zone where service-oriented uses along major transportation routes are planned. Adjoining uses include an auto body shop to the east and a recreational vehicle and truck moving rental business to the west. The proposed hotel has been designed to have the least impact to the adjoining residential uses to the south and west. The residential nature of the hotel as an extended-stay hotel (stays up to 30 days) would also be compatible with residential uses to the south and west. A 6-foot solid block wall along the south, east, and west property lines is proposed as part of the project design and landscape planters between the proposed parking area and block wall would be provided. The nearest residence to the south would be approximately 107 feet away from the hotel building. The nearest residence to the west (in the recently completed Prospect Fields development) would be approximately 180 feet from the hotel building. With the project design and site plan layout, the project would, thus, be consistent with adjacent land uses.

Construction – The Project would be constructed over approximately 12 months and is anticipated to start in December 2019. Construction activities would consist of grading and site preparation, foundation construction, construction of the building, flatwork, and interior finishing. Construction grading of the proposed project would require approximately 1,841 cubic yards of cut and 2,521 cubic yards of fill, with 680 cubic yards

of imported soil. Conditions of approval for noise and air quality would ensure that construction noise and fugitive dust from grading activities are maintained at acceptable levels.

Traffic & Parking – According to a Traffic Study prepared for the project by LLG Engineers (May 2019; Exhibit C) the project would generate 44 inbound and 29 outbound trips in the AM peak hour, and 59 inbound and 39 outbound trips in the PM peak hour, and 1,220 daily trips (10 trips per guestroom). The Traffic Study collected traffic count data and conducted Level of Service (LOS) analysis for six (6) intersections and three (3) roadway segments in the project vicinity. For existing conditions with the Project, all studied intersections would maintain their existing LOS, with a level of service "C" or better for both AM and PM peak hours, excepting the intersection of Mission Gorge Road and Fanita Drive, which has an existing LOS “D” and would retain a LOS “D” with the proposed project. Likewise, all studied roadway segments would maintain their existing LOS, with a LOS “C” or better with the project. Mission Gorge Road, between Mesa Road and SR 125, upon which the project site is directly located, currently has an average daily traffic (ADT) capacity of 40,000 vehicles, and currently handles about 17,000 ADT, therefore operating at a LOS “B”. Factoring in traffic generated by proposed project (1,220 ADT), this roadway segment would continue to operate at LOS “B”. The Traffic Study concludes that the intersections and roadways segments within the vicinity of the proposed project would operate at acceptable levels of service in accordance with the City’s Mobility Element, and therefore the project does not result in any significant traffic impact.

The project site is served by an existing drive approach at the easterly end of the site along Mission Gorge Road, which would be modified to meet existing engineering standards. A 26-foot drive aisle would hook around the proposed hotel building, with a three-point turn-around at its terminus to allow for adequate fire access. A total of 127 parking spaces would be provided throughout the site, including 11 electric vehicle parking spaces and five (5) accessible spaces.

Biology – Reconnaissance-level biological surveys were conducted on December 19, 2018 and July 16, 2019 by the environmental consulting firm “ESA” (see Exhibit C). The December 19, 2018 survey was performed to document potential biological resource constraints to development of the Property. A follow-up site visit was conducted on July 16, 2019 to determine the presence of special-status rare plant species. The surveys determined that the Property is dominated by disturbed habitat, which is composed of both non-native and native, ornamental, and weedy plant species not being maintained or irrigated. No special-status plant or animal species were observed at the project site during the reconnaissance surveys. As such the project site has no value as habitat for endangered, rare or threatened species.

Drainage and Water Quality – The project site is generally flat with a gentle downward slope northward toward Mission Gorge Road, where storm water runoff currently drains

to an existing inlet on Mission Gorge Road. The proposed drainage would have improvements to treat storm water in accordance with current storm water treatment regulations. Perimeter landscaping and a biofiltration area have been proposed to treat surface runoff from the project.

D. ENVIRONMENTAL REVIEW

Staff has determined that the project is categorically exempt from further environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines section 15332 "Infill Development Projects." This section exempts infill development projects that meet five specific criteria from further environmental review. The project is consistent with the five criteria, as detailed in the CEQA Exemption Analysis (Exhibit C) prepared for the project.

E. ESTIMATED FEES

Development of the proposed project would require the payment of the following Development Impact Fees: Drainage Fee $78,210.20; Traffic Impact Fee $394,033.41; and Traffic Signal Fee $63,566.27

F. STAFF RECOMMENDATION

1. Conduct and close the Public Hearing; and

2. Find Conditional Use Permit (P2019-1) Categorically Exempt from the provisions of CEQA pursuant to Section 15332 of the CEQA Guidelines and authorize the filing of a Notice of Exemption; and

3. Adopt the attached Resolution approving Conditional Use Permit (P2019-1) with the corresponding height variance.

RESOLUTION NO.

PUBLIC HEARING FOR A CONDITIONAL USE PERMIT (P2019-1) AND A HEIGHT VARIANCE FOR A FOUR-STORY, 122-GUESTROOM HOTEL ON A VACANT 2.05-ACRE LOT AT 8801 MISSION GORGE ROAD IN THE GENERAL COMMERCIAL (GC) ZONE AND FINDING THE PROJECT CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO CEQA GUIDELINES SECTION 15332 (APN 383-112-52-00)

APPLICANT: GOLD COAST PROPERTIES CA 4, LLC

WHEREAS, Section 13.12.030 of the City of Santee Municipal Code (SMC) requires a Conditional Use Permit for a hotel; and

WHEREAS, on August 21, 2019, Gold Coast Properties submitted a complete application for a Conditional Use Permit for a four-story, 122-guestroom hotel on an undeveloped 2.05-acre site at 8801 Mission Gorge Road; and

WHEREAS, the project is consistent with both General Plan and Zoning Ordinance land use regulations. The site is located in the General Commercial (GC) land use district which is intended for major service-oriented uses located primarily along major transportation routes and which are designed to serve the City or the region as a whole; and

WHEREAS, based on the environmental assessment, the City, as lead agency under the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 *et seq*. has determined the project is categorically exempt from environmental review under State CEQA Guidelines section 15332, “In-fill Development Projects” as the project is consistent with the conditions for such an exemption; and

WHEREAS, the proposed project is located outside Airport Influence Area (AIA) 1 for the Gillespie Field Airport Land Use Compatibility Plan (ALUP) and is not subject to review by the San Diego County Airport Land Use Commission; and

WHEREAS, on April 12, 2018 a proposed ordinance amending the City of Santee General Plan to require voter approval of development actions that would increase residential density or intensify land use over that currently permitted by the General Plan (Proposed Initiative) was filed with the City Clerk, City of Santee; and

WHEREAS, the Proposed Initiative, if adopted, would require a public vote for any changes to the General Plan, Planned Development Areas, or new Specific Plan Area if such changes intensify use by increasing residential density, changing the General Plan Land Use designations; or changing any residential land use designation to commercial/ industrial and vice versa; and

WHEREAS, Section 4(c) of the Proposed Initiative includes a statement that provisions adopted by the Proposed Initiative shall prevail over any conflicting revisions to the General Plan adopted after April 6, 2018; and

WHEREAS, the subject project does not result in an intensification of land use as specified in the Proposed Initiative in that: 1) there is no proposed change to the land use designations in the City of Santee General Plan, as amended through April 5, 2018; 2) the project does not propose changes to the land use categories in the City of Santee General Plan, as amended through April 5, 2018; 3) the project is not a residential project as specified in the City of Santee General Plan, as amended through April 5, 2018; and 4) the project does not involve a change to a Specific Plan nor create a new Specific Plan; and

WHEREAS, on September 18, 2019 the City Council held a duly advertised and noticed Public Hearing; and

WHEREAS, the City Council considered the staff report, all recommendations by staff, and all public testimony; and

WHEREAS, the determination that the project is not subject to CEQA review reflects the City Council's independent judgement and analysis.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santee, California, after considering the evidence presented at the Public Hearing, as follows:

SECTION 1: Conditional Use Permit (P2019-1) is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines section 15332 titled "In-fill Development Projects", Class 32, as the project meets the conditions described in subsections (a) through (e). As detailed in the "Class 32 CEQA Exemption Analysis" prepared for the project: the project is consistent with the applicable General Plan designation and policies, as well as the applicable zoning designation and regulations; the project site is within the City limits, and on a project site of no more than five acres, substantially surrounded by urban uses; the project site has no value as habitat for endangered, rare or threatened species, as confirmed by a biological survey of the project site; the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and the project site can also be adequately served by all required utilities and public services. Therefore, the City Council finds that the project is exempt from further environmental review under CEQA.

SECTION 2: The findings in accordance with Section 13.06.030.E of the Santee Municipal Code for a Conditional Use Permit are made as follows:

A. The proposed use is in accord with the General Plan, the objectives of the Zoning Ordinance, and the purposes of the district in which the site is located. The site is located in the General Commercial (GC) land use district which is intended for major service-oriented uses located primarily along major transportation routes and which are designed to serve the City or the region as a whole. The proposed hotel would be located on Mission Gorge Road, a major transportation route, and would be a major service-oriented use designed to serve the East County San Diego Region. The proposed hotel is permitted with an approved Conditional Use Permit within the GC (General Commercial) zoning district.

B. The proposed use, together with conditions, will not be detrimental to the public health, safety or welfare, or materially injurious to properties or improvements in the vicinity, because: 1) the proposed use is consistent with the General Plan and Zoning Ordinance and consistent with commercial development along Mission Gorge Road; 2) the placement of the hotel away from surrounding residences and integration of a 6-foot perimeter block wall into the site design will ensure that potential nuisances emanating from the hotel property, including noise and lighting, are not detrimental to surrounding residents; 3) on-site circulation and design will provide for vehicular safety and efficient utilization of surrounding roadways and 4) performance standards for lighting, air quality, and noise as set forth in the Municipal Code and project Conditions of Approval will further ensure that there are no deleterious impacts to surrounding properties from the proposed use.

C. The proposed use, as designed and conditioned, complies with each of the applicable provisions of the zoning ordinance because all development standards are met, and all proposed public improvements will meet the public works standards of the City.

D. The use, as designed and conditioned, is proposed on an unused, vacant site and therefore is not inhibiting the development potential of the site.

SECTION 3: The findings in accordance with Section 13.06.030(E) of the Santee Municipal Code for a Conditional Use Permit to allow the proposed building to be constructed at a height of 49 feet are made as follows:

A. The proposed use is in accord with the General Plan, the objectives of the Zoning Ordinance, and the purposes of the district in which the site is located. The site is located in the General Commercial (GC) land use district which is intended for a wide range of retail and service activities, including the proposed hotel. The proposed height and scale of the hotel building will not overwhelm the visual landscape of the area, because of the architectural features of the building, building setbacks, and landscaping around the building will help soften the bulk and scale the building.

B. The proposed use, together with conditions, will not be detrimental to the public health, safety or welfare, or materially injurious to properties or improvements in the vicinity, because: 1) the proposed placement of the building approximately 107 feet from the nearest single-family residence to the south and 180 feet from the nearest single-family to the west allows the building to appear less disproportionate to the surrounding residential neighborhood; 2) the proposed six-foot wall along the perimeter of the site, in combination with the proposed landscape buffers planted with trees, will help screen the proposed building as viewed from the adjoining single-family residential properties; 3) the wall and trees will help screen the homes as viewed from the proposed building, maintaining the privacy of the residents of these homes; and 4) the proposed building height received clearance from the Federal Aviation Administration via a Determination of No Hazard to Air Navigation on December 13, 2018.

C. The proposed use, as designed and conditioned, complies with each of the applicable provisions of the zoning ordinance because all other development standards and parking provisions are met, and all proposed public improvements will meet the public works standards of the City.

D. The use, as designed and conditioned, is proposed on an unused, vacant site and therefore is not inhibiting the development potential of the site.

SECTION 4: The application for Conditional Use Permit P2019-1 is hereby approved, subject to the following conditions:

A. The applicant shall comply with all applicable sections of the Municipal Code, Land Development Manual and Public Works Standards of the City of Santee.

B. Minor or Major Revisions to the Conditional Use Permit, such as changes to the building elevations, site design, landscaping design and changes to business hours, shall be approved by the Director of Development Services, unless, in the Director's judgment, a Major Revision should be reviewed by the City Council.

C. Separate sign permits shall be obtained for any proposed signage in accordance with SMC Chapter 13.32.

D. **Prior to Building Permit Issuance:**

1. All construction shall be in substantial conformance with the approved project plans dated September 18, 2019, as amended by this Resolution.
2. Landscaping shall comply with the City of Santee Water Efficient Landscape Ordinance and SMC Chapter 13.36.
3. Lighting shall be down shielded and installed in accordance with the lighting standards in SMC Section 13.24.030.A.6.
4. A new Federal Aviation Administration (FAA) Determination of No Hazard to Air Navigation shall be obtained.
5. The project shall comply with the Mission Gorge Road Design Standards in the Enhancement Element of the Santee General Plan.
6. Following project approval the applicant shall schedule with the City Project Planner a post approval meeting to discuss the project conditions of approval, timing of design and construction, and implementation of the project conditions. The meeting shall be scheduled within thirty days of project approval and prior to any plan submittals. The applicant should include their project design team including the project architect, their design engineer and their landscape architect.
7. The applicant shall include provisions in their design contract with their design consultants that following approval by the City, all construction drawings or technical reports accepted by the City, exclusive of architectural building plans, shall become the property of the City. Once accepted, these plans may be

freely used, copied or distributed by the City to the public or other agencies, as the City may deem appropriate. A letter of acknowledgement of this requirement from each design consultant is required at the time of plan submittal. This letter shall be in a format acceptable to the City Engineer.

8. To coordinate with the City Geographic Information System, horizontal and vertical control for all construction drawings, grading plans, landscape plans, street improvement plans, plot plans, etc., shall be obtained from ROS 11252. All plans, exclusive of building plans, shall be prepared at an engineering scale of 1"=20' unless otherwise approved by the project engineer.

9. Applicant shall ensure that all property corners are properly monumented. If corners have been lost or do not exist, corners shall be set and a Record of Survey filed prior to issuance of a building permit.

10. Starting with the first plan check submittal, all plan sets shall be submitted concurrently to Padre Dam Municipal Water District for review and approval. The City does not coordinate the review process with Padre Dam; this is the responsibility of the design engineer and the landscape architect. Failure to properly coordinate this review may result in delay of issuance of permits required for construction. It is incumbent upon the applicant to oversee the plan submittals of their design consultants.

11. Street Improvement Plans shall be submitted to the Department of Development Services Engineering Division for review and acceptance. Prior to the start of construction of any improvements, public or private, within the limits of the public right-of-way, the applicant shall have plans accepted, agreements executed, securities posted and an encroachment permit issued. All improvements shall be installed in accordance with City standards and at the applicant's cost unless otherwise indicated. The following improvements are conditioned as part of this development:

    a. Construct a 38-foot-wide commercial driveway on Mission Gorge Road per City of Santee Standards PW-21 and to the satisfaction of the Director of Development Services.

    b. Install signage, striping and signal modification as necessary for the proposed right turn only ingress and egress to the proposed driveway.

    c. Provide sidewalk from the existing public right of way to the project site.

    d. Remove all existing site encroachments within the public right of way, including but not limited to chain link fence. Identify and obtain an encroachment permit for private improvements that are proposed within the public right of way.

    e. Remove and replace existing failed or inadequate existing public

improvements within the right of way along the site frontage including but not limited to decorative landscaping, trees, mulch, rip-rap, wood fencing, sidewalk, bike path, bike lane, curb, gutter, pavement, signage and striping.

f. Vacate excess public right of way along Mission Gorge Road so that all private facilities are located outside of the public right of way or otherwise receive approval of an encroachment permit for the placement of said private facilities within the existing public right of way.

g. Street Improvement plans shall be one hundred percent (100%) complete at the time of plan check submittal, be prepared in accordance with City guidelines and the requirements set forth herein, and be ready for acceptance by the City. Partial or incomplete submittals will not be accepted for plan check. At the time of plan check submittal the applicant shall schedule an appointment with their designated City project engineer and the applicant's design engineer to review the plan submittal for completeness. The following shall be included as part of the improvement plan submittal package:

    1) Six sets of plans bound and stapled (improvements).
    2) Plan check fees.
    3) Preliminary cost estimate for the improvements.
    4) One copy of the Resolution of Approval or Director's Decision approving the project.

Plan check and inspection fees shall be paid in accordance with the City Fee Schedule prior to issuance of the permit.

12. Precise Grading Plans shall be submitted to the Department of Development Services Engineering Division for review and acceptance. The following items shall be included in the plot plans and are conditioned as a part of this development:

    a. Horizontal and vertical control for all plans shall be obtained from ROS 11252 and shall be prepared at an engineering scale of 1"=20' unless otherwise approved by the City project engineer.

    b. All recommended measures identified in the approved geotechnical study shall be incorporated into the project design and construction.

    c. Grading plans shall include preliminary recommendations for all pavement design sections within the project limits. The pavement structural section shall be designed based on the "R" value method using a minimum traffic index of 5.0. Structural sections shall consist of asphalt concrete over approved aggregate base material. Minimum concrete section shall be 5 1/2 inches PCC over compacted, non-expansive soil. Mix design shall be a minimum class 520-C-2500. R-value test data and design calculations

shall be submitted for approval to the Department of Development Services Engineering Division a minimum of seven days prior to placement of paving. The pavement design report shall conform to City of Santee Form 435 – Pavement Design and R-Value Test Submittal Procedures.

d. Grading plans shall be one hundred percent (100%) complete at the time of plan check submittal, be prepared in accordance with City guidelines and be ready for acceptance by the City. At the time of plan submittal the applicant shall schedule an appointment with their designated City project engineer and the applicant's design engineer to review the plan submittal for completeness. The following shall be included as part of the grading, landscape and irrigation plan submittal package:

1) Six sets of grading, landscape and irrigation plans bound and stapled.
2) Plan check fees.
3) A completed grading permit application.
4) A cost estimate for the cost of construction.
5) Three copies of the Drainage Analysis specified here within.
6) Three copies of the Storm Water Quality Management Plan specified here within.
7) Three copies of the Geotechnical Study specified here within.
8) A copy of any letters of permission from any adjoining property owners if grading is proposed off-site. Letters shall be in a form acceptable to the City.
9) A letter of acknowledgement, signed and sealed, from each design consultant acknowledging City ownership of all construction drawings following City approval as specified here within.
10) One copy of the Resolution of Approval or Director's Decision approving the project.

Plan check and inspection fees shall be paid in accordance with the City Fee Schedule prior to issuance of the permit.

13. Landscape and Irrigation Plans shall be submitted to the Department of Development Services Engineering Division for review and acceptance.

a. Horizontal and vertical control for all plans shall be obtained from ROS 11252 and shall be prepared at an engineering scale of 1"=20' unless otherwise approved by the City project engineer.

b. Landscape and irrigation plans shall be one hundred percent (100%) complete at the time of plan check submittal, be prepared in accordance with City guidelines and be ready for acceptance by the City. At the time of plan submittal the applicant shall schedule an appointment with their designated City project engineer and the applicant's design engineer to review the plan submittal for completeness. The following shall be included as part of the grading, landscape and irrigation plan submittal package:

1) Six sets of landscape and irrigation plans bound and stapled.
2) Plan check fees.
3) A cost estimate for the cost of construction.
4) A letter of acknowledgement, signed and sealed, from each design consultant acknowledging City ownership of all construction drawings following City approval as specified here within.

Plan check and inspection fees shall be paid in accordance with the City Fee Schedule.

14. Provide three copies of a geotechnical study prepared in accordance with the Santee General Plan. All recommended measures identified in the approved study shall be incorporated into the project design. Copies of the Geotechnical/Seismic Hazard Study for the Safety Element of the Santee General Plan which details, in Table A-1, study criteria necessary to conform to the General Plan requirements, can be purchased from the Department of Development Services Engineering Division.

    a. The geotechnical report shall analyze any proposed infiltration techniques (trenches, basins, dry wells, permeable pavements with underground reservoir for infiltration) for any potential adverse geotechnical concerns. Geotechnical conditions such as: slope stability, expansive soils, compressible soils, seepage, groundwater depth, and loss of foundation or pavement subgrade strength should be addressed, and mitigation measures provided.

15. Applicant consents to annexation of the property under development to the Santee Roadway Lighting District and agrees to waive any public notice and hearing of the transfer. Applicant shall pay the necessary annexation costs and upon installation of any street lights required for the development, pay the necessary street light energizing and temporary operating costs.

16. Failed or inadequate pavement to the centerline and/or sidewalk adjacent to the site on Mission Gorge Road shall be replaced to the satisfaction of the Director of Development Services.

17. Applicant shall pay all development impact fees in effect at the time of issuance of building permits. At present, the fees are estimated to be as follows: Drainage Fee $78,210.20; Traffic Impact Fee $394,033.41; and Traffic Signal Fee $63,566.27. Impact fee amounts shall be calculated in accordance with the City Fee Schedule and based on current fee ordinances in effect at issuance of building permit. The drainage fee shall be calculated based on the actual impermeable area created by the project including off-site street improvements or other improvements beyond the project boundary. The applicant shall provide certification of final site and building areas by their engineer of work to be approved by the Director of Development Services for

use in calculating the final fee amounts. Fees shall be adjusted on an annual basis in accordance with the Municipal Code.

18. Following issuance of a grading permit the applicant shall complete rough grading in accordance with the approved grading plans and the recommendations of the project's geotechnical engineer. Following completion of the rough grading and prior to issuance of any building permits, provide three originals of the pad compaction certification from the geotechnical engineer and three originals of the pad elevation certification from the project civil engineer to the City project engineer.

19. Provide three copies of a drainage study prepared by a registered Civil Engineer, with demonstrated expertise in drainage analysis and experience in fluvial geomorphology and water resources management. Storm drainage shall be designed to adequately convey storm water runoff without damage or flooding of surrounding properties or degradation of water quality.

    a. The drainage study shall identify and calculate storm water runoff quantities expected from the site and upstream of the site and verify the adequacy of all on-site or off-site facilities necessary to discharge this runoff. The drainage system design shall be capable of collecting and conveying all surface water originating within the site, and surface water that may flow onto the site from upstream lands, and shall be in accordance with the latest adopted Master Drainage Plan, the requirements of the City of Santee Public Works Standards, including analysis of the 10-year and 100-year frequency storms, and be based on full development of upstream areas. The offsite flows from the south shall be quantified and addressed by bypassing the site or be treated as part of the onsite drainage.

    b. The drainage study shall compute rainfall runoff characteristics from the project area including, at a minimum, peak flow rate, flow velocity, runoff volume, time of concentration, and retention volume. These characteristics shall be developed for the 2-year, 10-year and 100-year frequency six-hour storm during critical hydrologic conditions for soil and vegetative cover. Storm events shall be developed using isopluvial maps and in accordance with the San Diego County Hydrology Manual.

20. Provide three copies of a Storm Water Quality Management Plan (SWQMP) that shall comply with the City of Santee Storm Water Ordinance and in accordance with the City of Santee Best Management Practices (BMP) Design Manual dated February 2016. The SWQMP must include best management practices (BMPs) to address water quality and hydromodification. An Operation and Maintenance Plan describing maintenance requirements and costs for BMP maintenance and provision of maintenance verification will be provided.

    The SWQMP shall include the following:

a. Develop and implement appropriate Best Management Practices (BMPs) to ensure that the project does not increase pollutant loads from the site. A combination of respective storm water BMPs, including Site Design, Source Control, and Structural Treatment Control shall be implemented in accordance with the approved SWQMP. All BMPs described within the CASQA Fuel Station standards (SC-20 and SD-30) must be implemented to the fullest extent possible.

b. The project design shall incorporate Low Impact Development (LID) and site design BMPs to minimize directly connected impervious areas and to promote infiltration using LID techniques as outlined in the County of San Diego's LID handbook. Parking areas shall be designed to drain to landscape areas. Private roads shall be designed to drain to vegetated swales or landscaped areas

c. The site shall comply with full trash capture requirements by providing completely enclosed trash and recycling enclosures, fitting all storm drain inlets with a grate/screen or trash rack, and retrofitting any adjacent storm drain inlet structures to which the site discharges with trash capture devices. Said devices must be designed to capture debris of 5 mm or greater, while preventing flooding potential. In addition, any adjacent public storm drain inlet structure to which the site discharges must also be retrofitted with trash capture devices. The device which shall be used for public inlets is the ADS FlexStorm Connector Pipe Screen system or approved equal.

d. All inlets must be labeled with concrete stamp or equivalent - stating, "No Dumping - Drains to River". If work is performed on a public inlet, the public inlet must be labeled with the following standard specification: Public storm drain inlet markers shall be 4" diameter, stainless steel, natural embossed, inlet marker as manufactured by Almetek Industries or approved equal. Marker shall contain/state "No Dumping" with "Fish w/ Wave" symbol and "Drains to Waterways" legend. Marker shall contain 2" long x 1/4" diameter threaded rod and shall be installed flush and wet-set in top of inlet, centered on width of inlet opening.

e. Down spouts and HVAC systems are not permitted to be connected to any storm drain conveyance system. All non-storm water discharges must either drain to landscaped areas, or be plumbed to the sewer.

f. Fire suppression systems must be designed to be able to discharge to a sewer clean out for all maintenance and testing activities, or otherwise captured and contained on-site.

g. California native/drought-tolerant plants shall be used to the maximum extent feasible to minimize the need for irrigation. Where irrigation is necessary, then the system shall be designed and installed to prevent

overspray or irrigation runoff during normal operations and during a break in the line.

h. The final project submittal shall include a standalone Operation and Maintenance (O&M) Plan in accordance with the City of Santee BMP Design Manual.

21. Minimum best management practices for storm water and water quality will be incorporated into the Storm Water Facilities Maintenance Agreement via reference to the project's Storm Water Quality Management Plan (SWQMP).

22. The project shall demonstrate Construction Site Storm Water Compliance by completing the following:

a. Provide proof of coverage under the General Permit for Discharges of Storm Water Associated with Construction Activity (Construction General Permit, 2009-0009-DWQ) prior to start of construction. This project disturbs one or more acres of soil or disturbs less than one acre but is part of a larger common plan of development that in total disturbs one or more acres. Construction activity subject to this permit includes clearing, grading and disturbances to the ground such as stockpiling, or excavation.

b. Submit a copy of the draft project specific Storm Water Pollution Prevention Plan (SWPPP) to the City for review and approval. The Construction SWPPP should contain a site map(s) which shows the construction site perimeter, existing and proposed buildings, lots, roadways, storm water collection and discharge points, general topography both before and after construction, and drainage patterns across the project. The Construction SWPPP must list Best Management Practices (BMP's) the applicant will use to protect storm water runoff and the placement of those BMP's. Section XIV of the Construction General Permit describes the SWPPP requirements.

23. A Storm Water Facilities Maintenance Agreement accepting responsibility for all structural BMP maintenance, repair and replacement as outlined in said O&M plan binding on the land throughout the life of the project will be required prior to issuance of building permit.

24. Submit two copies of a current title report (dated within six months of plan submittal) and two copies of all documents listed in the title report. Copies of recorded documents must be clear and legible copies of the original recorded document.

25. The applicant shall comply at all times with the following work hour requirements:

a) No site work, building construction, or related activities, including equipment

mobilization will be permitted to start on the project prior to 7:00 am and all work for the day shall be completed by 7:00 pm, no exceptions.

b) No work is permitted on Sundays or City Holidays.

c) No deliveries, including equipment drop off and pick-up, shall be made to the project except between the hours of 8:00 am and 6:00 pm, Monday through Saturday, excluding Sundays and City Holidays. Deliveries of emergency supplies or equipment necessary to secure the site or protect the public are permitted.

d) If the applicant fails or is unable to enforce compliance with their contractors, subcontractors and material suppliers regarding the specified work hours, additional reduction of work hours may be imposed by the Department of Development Services.

In addition to the above the applicant shall erect one or more signs stating the work hour restrictions. Signs shall be installed as may be required, in the vicinity of the project construction trailer if a job site trailer is used, or at such other locations as may be deemed appropriate by the Department of Development Services. The sign shall be a minimum of 24" x 36" and shall be weather proofed. The sign content shall be provided by the Department of Development Services.

26. Trench work when required within City streets shall be completed within two weeks of the initial start date, including placement of the final trench patch. Trench plates or temporary pavement placement shall be installed at the end of each work day. Advance warning signs on lighted barricades notifying the public of trench plates and or uneven pavement shall be placed and maintained until permanent pavement repairs are made. The maximum length of time including weekends and holidays that trench plates may remain on the street is 72 hours after which temporary or permanent asphalt paving shall be placed.

27. Vehicle access on Mission Gorge Road, Cuyamaca Street, Olive Lane, Town Center Parkway, Carlton Hills Boulevard, Woodside Avenue, and Riverview Parkway shall be maintained at all times and all work shall be done at night unless otherwise approved by the City Engineer. When day work is permitted, work hours shall be from 8:30 am to 3:30 pm, including set up and break down of traffic control. No day work will be permitted during the holiday season, defined as beginning the Saturday before Thanksgiving Day and shall extend through New Year's Day, unless otherwise approved by the Director of Development Services.

28. A new R3-2 "No left turn" sign at the driveway shall be installed.

29. A new R6-1 "ONEWAY" sign in the center median across from the driveway shall be installed.

30. A minimum 26’ wide, paved “fire lane” access roadway through the development shall be provided. The fire lane width shall be measured curb to curb (or edge of pavement to edge of pavement) and shall extend vertically from grade to the highest point of any structures or obstacles constructed adjacent to the fire lane. No building elements, balconies, drains, projections, or any other object shall encroach into this clear space. The fire lane(s) shall be identified by painting curbs red with white-stenciled letters indicating “NO PARKING – FIRE LANE” every 30 feet along all portions of the fire lane. Red stripes with white stenciled letters shall be painted on the curb or asphalt in front of garages along fire lanes as well. Or, signs shall be installed on the edge of the curb indicating the same. Placement of the signs shall be every 75 feet (or other approved spacing), placed in between the curb stenciling. Exact placement shall be approved by the fire code official prior to installation.

31. A minimum of three (existing and/or new) hydrants will be required. Hydrants shall have two, 2 1/2" ports and one, 4" port, with a minimum fire flow of 3000 gallons per minute for 3 hours. Hydrants shall be of all bronze construction, painted “fire hydrant yellow” and be installed per Padre Dam Water District requirements. Exact location of required hydrants is to be determined by the fire code official prior to installation.

32. Address numbers shall be placed near the roofline of all structures visible from the street or access roadway. Numbers shall be block style, 12” in height, black in color (or other approved color), in contrast with their background. Address numbers shall also be illuminated for nighttime visibility.

33. The building shall be constructed with an approved automatic residential fire sprinkler system installed by a licensed fire sprinkler contractor designed to NFPA 13R standard. Separate plans are required to be submitted to the Fire Department for approval prior to installation. The fire sprinkler system is required to be monitored by an approved central station monitoring company. A Potter, “SASH-120” Horn/Strobe (or equivalent) shall be located below each address placement for indication of fire sprinkler activation.

34. The building shall have 2.5” wet standpipe connections on each floor in all stairwells connected to the automatic fire sprinkler system installed per NFPA 14 and 2016 CFC Chapter 9.

35. Group R-1 Occupancies shall have an automatic fire alarm system and smoke alarms installed in accordance with NFPA 72 and the 2016 California Fire Code, Section 907. An automatic smoke detection system that activates the occupant notification system shall be installed throughout all interior corridors serving sleeping units. Single and multiple-station smoke alarms shall be installed in accordance with 2016 CFC section 907.2.11. All dwelling and sleeping units shall be provided with the capability to support visible alarm notification appliances. A Licensed C-7 or C-10 Contractor shall submit plans,

material specifications for review and approval prior to commencing work.

36. Fire pumps shall be installed per 2016 CFC, Section 913 and NFPA 20.

37. The building shall have a walk-in, enclosed, fire sprinkler riser room accessible from the outside of the building or address. The exact size and location of the riser room shall be approved by the Fire Department prior to construction. This room shall contain the fire pump & appropriate equipment, sprinkler riser(s) for the building/address, pressure gauges for the system, applicable valves, sprinkler head box, “test and drain” inspectors test valve and any diagrams or documentation for the fire protection systems. These rooms shall have exterior locking hardware and a Knox box shall be located at an approved location near the room for easy Fire Department access. The room shall also have a direct sewer connection inlet, of the appropriate size, for periodic maintenance and flushing of the automatic fire sprinkler system. The room shall be provided with lighting on the emergency circuit or have battery backup power. The exterior side of the riser room door shall have labeling or signage approved by the fire code official indicating "FIRE RISER/PUMP ROOM".

38. This device that supplies water to the automatic fire sprinkler system shall be placed in an approved location within 50’ of a fire hydrant. The device shall be installed per San Diego County Regional Standard WF-05. The device may be painted to blend in with landscaping in the area. The (RPDA) device shall be stenciled with 2” white numbers indicating the address served. The assembly shall be equipped with a chain and breakaway locks for security. Location of these devices shall be approved prior to installation. The control valves on the device shall be monitored for tamper of the valves.

39. A Knox Box key safe for emergency access of Fire Department personnel is required for the building. Knox Boxes shall be installed near the front entrance. Approval of the exact mounting location shall be determined by the fire code official prior to installation.

40. Santee has adopted the use of Knox Fire Department Connection (FDC) Plugs for FDC hose connections to the automatic fire sprinkler systems. These plugs ensure that the FDC’s will be clear of obstructions and allow for the proper Fire Department use of automatic fire sprinkler systems. Knox Plugs can be ordered online directly from the Knox Company at Knoxbox.com. Order FDC Plugs for use in the City of Santee. Order model #3043 (two per building if using Siamese connection). Contact Santee Fire Department if assistance is needed in ordering.

41. A minimum of one, 2A10BC fire extinguisher shall be located every 75’ of travel distance throughout the building, in cabinets. Exact extinguisher location to be determined by the fire code official prior to installation.

42. All exit pathways shall be equipped with approved emergency pathway lighting.

Emergency lights shall be placed at each exit sign location, stairway landing, and other approved location. Exit lights shall be self-powered or have battery back-up power. Emergency lighting shall be approved by the fire code official prior to installation.

43. Stairwell identification signs shall meet the requirements in 2016 CFC Chapter 10, Section 1023.

44. Emergency escape and rescue windows shall comply with 2016 California Fire code Chapter 10, section 1030.

45. Elevators must comply with the 2016 California Building Code, Chapter 30 and be gurney capable for emergency operations.

46. The construction contractor shall use a minimum of Tier 2 construction equipment with a Level 3 diesel particulate filter or equivalent for equipment over 50 horsepower.

47. During all grading and site preparation activities, the on-site construction superintendent shall ensure implementation of standard best management practices to reduce the emissions of fugitive dust, including, but not limited to, the following actions:

    a) Water any exposed soil areas a minimum of twice per day, or as allowed under any imposed drought restrictions. On windy days or when fugitive dust can be observed leaving the construction site, additional water shall be applied at a frequency to be determined by the on-site construction superintendent.

    b) Operate all vehicles on the construction site at speeds of less than 15 miles per hour.

    c) Cover all stockpiles that will not be utilized within 3 days with plastic or equivalent material, to be determined by the on-site construction superintendent, or spray them with a nontoxic chemical stabilizer.

    d) Fugitive dust should be suppressed to the greatest extent possible with the use of water trucks during site grading.

48. During all grading and site preparation activities, the on-site construction superintendent shall ensure implementation of applicable California Department of Resources Recycling and Recovery (CalRecycle) Sustainable (Green) Building Program Measures, as follows:

    a) Recycle/reuse at least 65 percent of construction materials (including, but not limited to, soil, mulch, vegetation, concrete, lumber, metal, and cardboard).

b) Use “green building materials” (e.g., those materials that are rapidly renewable or resource efficient, and recycled and manufactured in an environmentally friendly way) for at least 10 percent of the project, as specified on the CalRecycle website.

49. The project shall exceed current Title 24 of the California Code of Regulations, established by the CEC, regarding energy conservation and green building standards by 10 percent. The project applicant shall incorporate the following in the building plans:

    a) The project shall include the installation of eleven (11) minimum Level 2 electric vehicle parking spaces, as well as provide preferential parking for electric vehicles. The project shall provide bike parking on-site.

    b) The project shall utilize high-efficiency equipment and fixtures consistent with the 2016 Green Building Code and Title 24 energy conservation standards. The project shall include the installation of infrastructure to make the proposed project solar-ready.

    c) The project shall comply with the Santee Water Efficient Landscape Ordinance. The ordinance promotes water conservation and efficiency by imposing various requirements related to evapotranspiration rates, irrigation efficiency, and plant factors.

    d) The project shall install a rainwater capture device used for outdoor landscaping purposes.

    e) The project shall plant trees and plants to help increase the rate of carbon sequestration on-site.

    f) The project shall reduce solid waste disposal through recycling, composting and source reduction of solid waste.

50. The contractor shall install orange construction fencing (or similar) along the perimeter of the impact area.

51. A biological monitor shall be present during any vegetation-clearing activities conducted during the avian nesting season (February 15 through August 31).

52. If clearing must occur within the avian nesting season (February 15 through August 31), a qualified biologist shall survey the project site no more than three days prior to the start of the planned vegetation clearing to confirm if nesting birds are present on the project site and identify locations of nests. If nesting birds are detected within or adjacent to the project site, impacts to nesting birds shall be avoided or minimized by establishing an avoidance buffer of at least 500 feet for raptors or special-status species and at least 300 feet for all other

bird species around the nesting location and conducting biological monitoring (by a qualified biologist) during construction until the nest(s) are no longer active. Buffer areas for non-listed nesting birds or raptors may be reduced at the discretion of the qualified biologist depending on the sensitivity of the nesting species.

53. All vehicles, equipment, tools, and supplies shall stay within the limits of the impact area.

54. Vegetation located outside of the proposed impact area shall not be disturbed during access or construction.

55. BMP features (e.g., silt fencing, straw wattles, and gravel bags) shall be installed where necessary to prevent off-site sedimentation.

56. Long-term storage of equipment, vehicles, tools, and supplies shall occur only in the impact area. Vegetated areas outside of the impact area are not to be used for storage.

57. The Construction Contractor shall ensure that construction of the project complies with the recommendations identified in the project specific geotechnical investigation. Recommendations related to general construction, seismic considerations, earthwork, foundations, building floor slabs, lateral earth pressures, corrosivity, drainage, storm infiltrations, exterior concrete and masonry flatwork and paved areas shall be adhered to during all project design and construction.

58. Prior to issuance of grading permits, the Director of Development Services, or designee, shall verify that all construction plans include notes stipulating the following:

    a) Operations shall conform to the City's noise ordinance standards through the use of smaller equipment or operation time restrictions.

    b) All equipment shall be equipped with properly maintained mufflers.

    c) The construction contractor shall place noise-generating construction equipment and locate construction staging areas away from sensitive uses whenever feasible.

    d) The construction contractor shall use on-site electrical sources to power equipment rather than diesel generators where feasible.

59. All residential units located within 500 ft of the construction site shall be sent a notice regarding the construction schedule. A sign legible at a distance of 50 ft shall also be posted at the construction site. All notices and the signs shall indicate the dates and durations of construction activities, as well as provide a

telephone number for the construction superintendent.

60. The construction superintendent shall be responsible for responding to any local complaints about construction noise. The construction superintendent shall determine the cause of the noise complaint (e.g., starting too early, bad muffler) and shall be required to implement reasonable measures to reduce noise levels.

61. The construction contractor shall use light construction equipment (e.g. small bulldozers and trucks) within 5 feet from the project site boundary.

62. The following shall be incorporated into the project construction plan: “Control of Construction Hours. Construction activities occurring as part of the project shall be subject to the limitations and requirements of Section 8.12.290 of the City Municipal Code which states that construction activities may occur between 7:00 a.m. and 7:00 p.m. Mondays through Saturdays. No construction activities shall be permitted outside of these hours or on Sundays and federal holidays. No construction activity will be permitted outside of these hours except in emergencies.”

63. Mechanical ventilation systems such as air conditioning shall be installed at the proposed medical office building to ensure that windows can remain closed for a prolonged period of time.

64. Building facade upgrades such as windows that are higher than Sound Transmission Class (STC) 24 to STC-28 shall be used for the building façade along SR-52 and ramps.

65. A Native American Monitor from the Jamul Indian Village or Viejas Band of Kumeyaay Indians shall be present for any pre-construction meeting and for all ground disturbing activities associated with the project. Should any cultural or tribal cultural resources be discovered, no further grading shall occur in the area of the discovery until the Director of Development Services, or designee, with concurrence from the Native American Monitor, are satisfied that treatment of the resource has occurred. In the event that a unique archaeological resource or tribal cultural resource is discovered, and in accordance with Public Resources Code Section 21083.2(b)(1), (2), and (4), the resource shall be moved and buried in an open space area of the Project site, such as slope areas, which will not be subject to further grading activity, erosion, flooding, or any other ground disturbance that has the potential to expose the resource. The on-site area to which the resource is moved shall be protected in perpetuity as permanent open space. No identification of the resource shall be made on-site; however, the Applicant shall plot the new location of the resource on a map showing latitudinal and longitudinal coordinates and provide that map to the Native American Heritage Commission (NAHC) for inclusion in the Sacred Lands File (SLF). Disposition of the resources shall be at the discretion of the City of Santee, but in accordance with the foregoing.

66. Prior to the start of ground-disturbing activities, the applicant shall retain a qualified archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archaeology (U.S. Department of the Interior, 2012) to carry out all mitigation related to cultural resources.

67. Prior to start of ground-disturbing activities, the qualified archaeologist shall conduct cultural resources sensitivity training for all construction personnel. Construction personnel shall be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. The applicant shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

68. An archaeological monitor (working under the direct supervision of the qualified archaeologist) shall observe all initial ground-disturbing activities, including but not limited to brush clearance, vegetation removal, grubbing, grading, and excavation. The qualified archaeologist, in coordination with the applicant and the City, may reduce or discontinue monitoring if it is determined by the qualified archaeologist that the possibility of encountering buried archaeological deposits is low based on observations of soil stratigraphy or other factors. Archaeological monitoring shall be conducted by an archaeologist familiar with the types of archaeological resources that could be encountered within the project site. The archaeological monitor shall be empowered to halt or redirect ground-disturbing activities away from the vicinity of a discovery until the qualified archaeologist has evaluated the discovery and determined appropriate treatment (as prescribed below). The archaeological monitor shall keep daily logs detailing the types of activities and soils observed, and any discoveries. After monitoring has been completed, the qualified archaeologist shall prepare a monitoring report that details the results of monitoring. The report shall be submitted to the City and any Native American groups who request a copy. A copy of the final report shall be filed at the South Coastal Information Center (SCIC).

69. In the event of the unanticipated discovery of archaeological materials, all work shall immediately cease in the area (within 100 feet) of the discovery until it can be evaluated by the qualified archaeologist. Construction shall not resume until the qualified archaeologist has conferred with the applicant and the City on the significance of the resource.

70. If it is determined that the discovered archaeological resource constitutes a historical resource or a unique archaeological resource under CEQA, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is

demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Cultural Resources Treatment Plan shall be prepared and implemented by the qualified archaeologist in consultation with the applicant and the City that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource. The qualified archaeologist and the City shall consult with appropriate Native American representatives in determining treatment for prehistoric or Native American resources to ensure cultural values ascribed to the resources, beyond those which are scientifically important, are considered.

71. If human remains are encountered, all work shall halt in the vicinity (within 100 feet) of the discovery and the San Diego County Coroner will be contacted in accordance with PRC Section 5097.98 and Health and Safety Code Section 7050.5. The applicant and the City will also be notified. If the County Coroner determines that the remains are Native American, the NAHC will be notified in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC Section 5097.98 (as amended by AB 2641). The NAHC will designate a Most Likely Descendant (MLD) for the remains per PRC Section 5097.98. Until the landowner has conferred with the MLD, the applicant will ensure that the immediate vicinity where the discovery occurred is not disturbed by further activity, is adequately protected according to generally accepted cultural or archaeological standards or practices, and that further activities take into account the possibility of multiple burials.

E. **Prior to Occupancy the Applicant shall comply with the following:**

1. A bond, equal to the cost of full landscaping and irrigation installation, shall be provided. The bond will be released after one year if the landscape is planted and the irrigation installed in accordance with the approved landscape and irrigation plans.

2. Applicant shall place all new utilities required to serve the project underground. No overhead facilities or extension of overhead facilities is permitted.

3. All new trees in and within 10 feet of the public right-of-way shall be planted with root control barriers.

4. The applicant shall provide a Construction and Demolition (C&D) Deposit with the Department of Development Services in accordance with the City's Construction and Demolition Debris Recycling Ordinance (SMC 13.38) and State law.

5. The applicant shall recycle a minimum of 65% of the construction and demolition waste generated from the project, consistent with the City's Construction and Demolition Debris Recycling Ordinance (SMC 13.38) and State law.

6. The applicant shall provide two print copies and a digital copy of both the final approved Storm Water Quality Management Plan and the Operation and Maintenance Plan.

7. The applicant shall submit a print and digital copy of the BMP Certification package. The BMP certification package includes but is not limited to: 'wet' signed and stamped certification form(s), all BMP related product receipts and materials delivery receipts, an inspection and installation log sheet, and photographs to document each stage of BMP installation.

8. An executed contract shall be in place with a qualified storm water service provider and a copy of the SWQMP provided to the consultant and the property owner.

9. The applicant shall construct all improvements as shown on the approved precise grading plans. Improvements shall be completed to the satisfaction of the Director of Development Services.

F. Upon establishment of the use pursuant to this Conditional Use Permit P2019-1, the following conditions shall apply and be recorded in a Notice of Restrictions:

1. All required landscaping shall be adequately watered and maintained in a healthy and thriving condition, free from weeds, trash, and debris.

2. The parking areas and driveways shall be well maintained.

3. All groundcover installed pursuant to an approved landscape plan shall provide 100 percent coverage within 9 months of planting or additional landscaping, to be approved by the Director of Development Services, shall be required in order to meet this standard and in order to release the landscape bond.

SECTION 5: The terms and conditions of this Conditional Use Permit (P2019-1) approval shall be binding upon the permittee and all persons, firms and corporations having an interest in the property subject to these permits and the heirs, executors, administrators, successors and assigns of each of them, including municipal corporations, public agencies and districts.

SECTION 6: In addition to all other available remedies, the City of Santee Municipal Code, Chapter 1.14, provides for the issuance of Administrative citations for Municipal Code violations. Should non-compliance with said terms and conditions of this Conditional Use Permit or any violation of the Municipal Code that includes the City's Storm Water Ordinance, the City has the right to issue administrative citations containing an assessment of civil fines for each violation and collect administrative fines for violations.

SECTION 7: Pursuant to Government Code Section 66020, the 90-day approval period in which the applicant may protest the imposition of any fees, dedications, reservations, or exactions imposed pursuant to this approval, shall begin on September 18, 2019.

SECTION 8: The applicant shall defend with counsel of City's choice the City of Santee and its officers, employees and agents from any claim, action, or proceeding against the City and/or its officers, employees or agents to attack, or set aside, void, or annul the approval of the City of Santee concerning this Resolution or any action relating to or arising out of its approval, and further agrees to indemnify and hold harmless from all costs and expenses (including attorney's fees) associated with any such defense.

SECTION 9: This Conditional Use Permit (P2019-1) shall expire on September 18, 2022 except where substantial use has commenced prior to its expiration. If use of the development has not commenced within the three-year period, said expiration date may be extended pursuant to a request for time extension received 60 days prior to the original expiration date. The City Council expressly grants to the Director of Development Services the authority to extend the expiration date of this approval pursuant to Section 13.04.090.B of the Santee Municipal Code, when a request for an extension is filed 60 days prior to the original expiration date.

SECTION 10: Staff is directed to file a Notice of Exemption for approval of the project with the San Diego County Clerk. The City of Santee hereby notifies the applicant that the County Clerk collects a documentary handling fee for the processing of CEQA documents. The applicant should remit to the City of Santee Department of Development Services, within two (2) working days of the effective date of this approval (the "effective date" being the end of the appeal period, if applicable), a certified check payable to the "County Clerk" in the amount of $50.00. Failure to remit the required fee in full within the time specified above will result in a delay of the start of the thirty (35) day statute of limitations on court challenges to the approval under CEQA.

SECTION 11: The documents and materials that constitute the record of proceedings on which these findings have been based are located with the City Clerk at the City of Santee City Clerk's office at 10601 Magnolia Avenue, Building #3, Santee, CA 92071.

ADOPTED by the City Council of the City of Santee, California, at a Regular Meeting thereof held this 18th day of September, 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

AERIAL MAP
CONDITIONAL USE PERMIT P2019-1

WOODSPRING SUITES

8801 Mission Gorge Road
Santee, CA 92071

OWNER
Gold Coast Premier Properties
16155 SW 117 Avenue, Unit B2
Miami, FL 33177

PROJECT DATA

JOB ADDRESS:
8807 Mission Gorge Road,
Santee, CA 92071

ZONING:
GENERAL COMMERCIAL (GC)

APPLICABLE CODES:

BUILDING CODE:	2016 CALIFORNIA BUILDING CODE
MECHANICAL CODE:	2016 CALIFORNIA MECHANICAL CODE
ELECTRICAL CODE:	2016 CALIFORNIA ELECTRIC CODE
PLUMBING CODE:	2016 CALIFORNIA PLUMBING CODE
ENERGY CODE:	2016 CALIFORNIA ENERGY CODE, 2016 CALIFORNIA GREEN BUILDING STANDARDS
FIRE PROTECTION:	2016 CALIFORNIA FIRE CODE
ACCESSIBILITY:	2016 CALIFORNIA BUILDING CODE ACCESSIBILITY CHAPTER 11, DIVISION 2

BUILDING CONSTRUCTION TYPE
TYPE V-A

BUILDING HEIGHTS
ELEVATION AT EAVE: 36' - 0" A.F.F.
ELEVATION AT ROOF MEAN (ZONING): 43' - 7 1/8" A.F.F.
ELEVATION AT ROOF PEAK (ACTUAL): 49' - 1 1/4" A.F.F.

BUILDING FLOOR AREA	
GROUND FLOOR	12,339 SF
SECOND FLOOR	12,825 SF
THIRD FLOOR	12,825 SF
FOURTH FLOOR	12,825 SF
GRAND TOTAL	49,813 SF

GENERAL NOTES

1. DRAWINGS ARE DIAGRAMMATIC REPRESENTATIONS OF A FINISHED PRODUCT. CONSULT THE DRAWINGS AND MANUFACTURERS' SPECIFICATIONS FOR DETAILED INSTALLATION, CONSTRUCTION METHODS, SPECIFICATIONS AND ADDITIONAL MATERIALS AND COMPONENTS REQUIRED FOR A COMPLETED PROJECT. THE DRAWINGS IN COMBINATION WITH THE SPECIFICATIONS, MANUFACTURERS' SPECIFICATIONS AND INSTRUCTIONS AND BUILDING CODES DESCRIBE A FINISHED PRODUCT. ALL WORK IS TO CONFORM TO ALL LOCAL, STATE AND NATIONAL BUILDING CODES. NOTIFY THE OWNER'S REPRESENTATIVE PRIOR TO CONSTRUCTION OF ANY DISCREPANCIES.

2. CONTRACTOR TO COORDINATE THE INSTALLATION OF ALL OWNER'S EQUIPMENT.

3. ALL WORK IS TO BE CONSIDERED NEW AND TO BE PROVIDED AND INSTALLED. VERIFY ANY DISCREPANCIES WITH THE OWNER'S REPRESENTATIVE PRIOR TO BIDDING AND CONSTRUCTION.

4. ALL SCHEDULES, IF SHOWN, ARE FOR THE CONVENIENCE OF THE CONTRACTOR. SCHEDULES DO NOT LIST ALL THE ITEMS CONTAINED IN THE DRAWINGS OR MANUFACTURERS' SPECIFICATIONS. CONTRACTOR TO VERIFY COORDINATION OF ALL ITEMS IN ALL SCHEDULES.

5. ALL ENTRANCES TO THE BUILDING ARE TO MEET ACCESSIBILITY REQUIREMENTS ADOPTED BY THE JURISDICTION HAVING AUTHORITY, INCLUDING BUT NOT LIMITED TO MAXIMUM THRESHOLD ELEVATION AND MAXIMUM SLOPE AT LANDINGS.

6. THE CONSTRUCTION SITE AND THE WORK IS TO BE AVAILABLE TO THE OWNER AND OWNER'S REPRESENTATIVES AT ALL TIMES.

7. ALL ACCESSIBLE RAMPS ARE TO HAVE A MAXIMUM OF 1 TO 12 SLOPE AND TO MEET LOCALLY ADOPTED REQUIREMENTS FOR PEDESTRIAN RAMPS AS DETERMINED FOR A CITY STREET.

8. FIELD VERIFY ALL SITE CONDITIONS AND ELEVATIONS PRIOR TO CONSTRUCTION.

9. ALL EXT. DIMENSIONS ARE FROM FACE OF SLAB TO FACE OF SLAB, OR FACE OF CMU TO FACE OF CMU. INTERIOR DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD UNLESS OTHERWISE NOTED.

10. THIS PROJECT IS A NEW CONSTRUCTION. THE CONTRACTOR IS TO NOTE THAT NOT ALL CONDITIONS CAN BE REPRESENTED IN THE DRAWINGS AND SPECIFICATIONS. THE CONTRACTOR IS TO ACCOUNT FOR ALL REASONABLE UNFORESEEN CONDITIONS WHEN SUBMITTING A BID OR PRICING FOR THIS WORK. ALL CONTRACTORS AND SUBCONTRACTORS ARE TO FIELD VERIFY CONDITIONS PRIOR TO THE SUBMITTAL OF A BID OR PRICE FOR THEIR WORK.

11. SUBMIT SAMPLES FOR REVIEW AND APPROVAL PER THE SPECIFICATIONS.

12. THE CONTRACTOR IS RESPONSIBLE FOR ALL PERMITS AND FEES.

13. ALL ABBREVIATIONS ARE STANDARDIZED. THE CONTRACTOR IS RESPONSIBLE TO VERIFY THE UNDERSTANDING OF ALL ABBREVIATIONS ON ALL DRAWINGS AND MANUFACTURERS' SPECIFICATIONS PRIOR TO CONSTRUCTING THIS PROJECT.

14. ALL ITEMS SPECIFIED OR INDICATED WITH A MANUFACTURER'S TRADE NAME MAY BE SUBSTITUTED WITH AN "APPROVED EQUAL". ALTERNATE MANUFACTURER OR SUPPLIER UNLESS THAT ITEM IS INDICATED AS A SINGLE SOURCED ITEM. IT IS THE CONTRACTOR'S RESPONSIBILITY TO VERIFY THAT THE ALTERNATE MANUFACTURER OR SUPPLIER MEETS OR EXCEEDS THE GENERAL REQUIREMENTS AND INTENT OF THE DRAWINGS AND PROJECT MANUAL. COORDINATE APPROVALS WITH OWNER.

PROJECT DIRECTORY

ARCHITECT	CIVIL ENGINEER
WOOLPERT **CONTACT: DENISE M. BREUNIG** **345 FOUNTAINS PARKWAY, SUITE 100** **FAIRVIEW HEIGHTS, IL 62208** **PHONE: (618) 632-7004**	**WOOLPERT** **CONTACT: DAVID DILLOW** **11201 CARMEL COMMONS BLVD., STE 300** **CHARLOTTE, NC 28226** **PHONE: (618) 632-2037**
STRUCTURAL ENGINEER	**MECHANICAL ENGINEER / PLUMBING ENGINEER**
WOOLPERT **CONTACT: FRANK MONASTRA** **4454 IDEA CENTER BOULEVARD** **DAYTON, OH 45430** **PHONE: (937) 531-1426**	**WOOLPERT** **CONTACT: DICK DAVIS, PE** **4454 IDEA CENTER BOULEVARD** **DAYTON, OH 45430** **PHONE: (937) 461-9660**
ELECTRICAL ENGINEER	**OWNER CONTACT**
WOOLPERT **CONTACT: DOUG THOMA** **4454 IDEA CENTER BOULEVARD** **DAYTON, OH 45430** **PHONE: (937) 531-1449**	**GOLD COAST PREMIER PROPERTIES** **CONTACT: AARON A. PACKARD** **16155 SW 117 Avenue, Unit B2** **Miami, FL 33177** **PHONE: (315) 644-0250**

DRAWING INDEX

CITY, STATE & FIRE DISTRICT SUBMITTALS

PLANS FOR THE DEFERRED SUBMITTAL ITEMS (LISTED BELOW) SHALL BE SUBMITTED IN A TIMELY MANNER THAT ALLOWS A MINIMUM OF 30 WORKING DAYS FOR INITIAL PLAN REVIEW. ALL COMMENTS RELATED TO THE DEFERRED SUBMITTAL MUST BE ADDRESSED TO THE SATISFACTION OF THE PLAN CHECK DIVISION PRIOR TO APPROVAL OF THE SUBMITTAL ITEMS.

1. SPRINKLER SYSTEM
2. FIRE ALARM SYSTEM
3. ROOF WOOD TRUSS
4. SIGN PACKAGE

WOOLPERT
375 Northridge Road
Suite 300
Atlanta, GA 30350
770.391.4095
FAX: 770.391.4104

WOODSPRING SUITES
SANTEE
8807 Mission Gorge Road
Santee, CA 92071

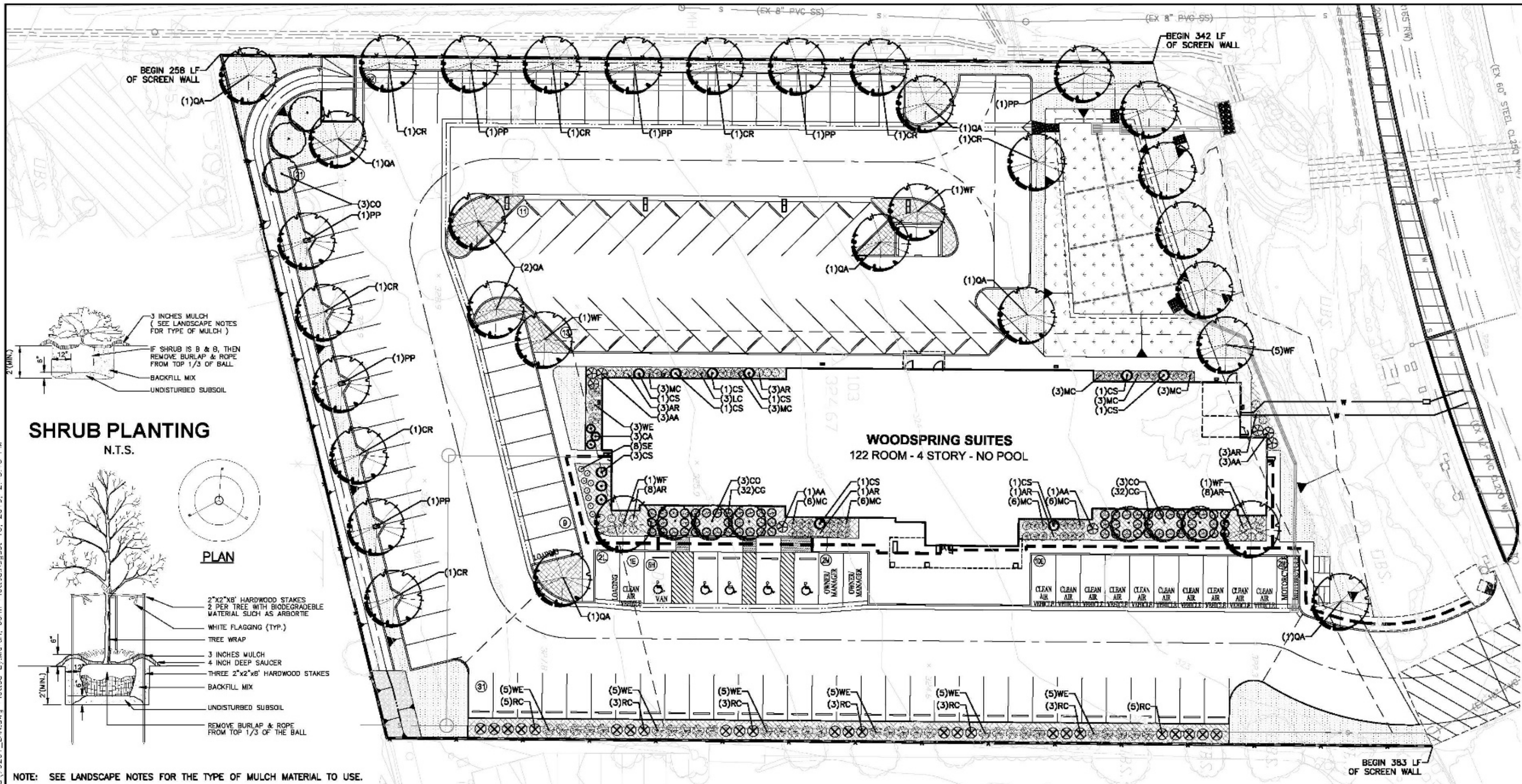
△ Issues & Revisions:

Proj. No.: 079261
Date: 07/05/2019

Sheet Name:
COVER SHEET

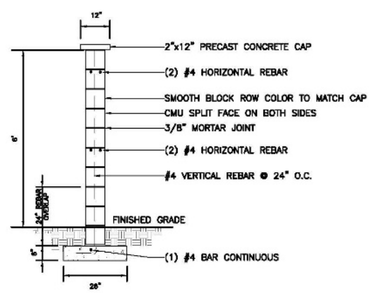
T1

EXHIBIT B
Conditional Use Permit No. P2019-1



TREE PLANTING

N.T.S.



NOTES:
1. FILL VOIDS IN BLOCK WITH GROUT.
2. CMU SPLIT FACE BLOCK COLOR TO MATCH PORTER PAINTS PPG1021-3 DISCOVER BUILDING COLOR.
3. CONCRETE CAP AND ROW OF SMOOTH CMU COLOR TO MATCH PORTER PAINTS PPG1022-3 INTUITIVE BUILDING COLOR. SMOOTH ROW OF CMU IS ONLY THIRD ROW FROM TOP.
4. FOUNDATION TO BE PLACED ON UNDISTURBED SOIL.

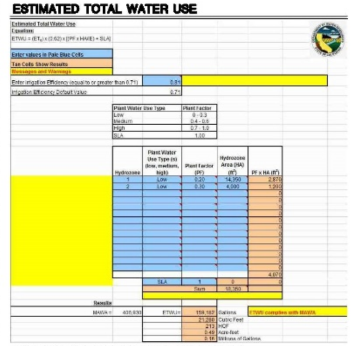
SCREEN WALL SECTION
SCALE: 1/2" = 1'-0"

TAG	QTY	SCIENTIFIC NAME	COMMON NAME	COND.	SIZE	REMARKS
TREE						
CO	9	Cercis occidentalis	Western Redbud	15 gallon	8'ht. 4'wd.	Full, well shaped, single-stem
CR	8	Celtis reticulata	Western Hackberry	15 gallon	14'ht. 7'wd	Full, well shaped
QA	9	Quercus agrifolia	Coast Live Oak	15 gallon	14'ht. 7'wd	Full, well shaped
PP	8	Pinus ponderosa	Ponderosa Pine	15 gallon	14'ht. 7'wd	Full, well shaped
WF	9	Washingtonia filifera	Washington Fan Palm	15 gallon	14'ht. 7'wd	Full, well shaped
SHRUB						
AA	8	Agave attenuata	Agave	5 gallon	24"ht. x 24"wd.	Full, vigorous
AR	27	Arctostaphylos 'Emerald Carpet'	Emerald Carpet Manzanita	5 gallon	12"ht. x 24"wd.	Full, vigorous
CG	64	Ceanothus griseus hor. 'Yankee Point'	Yankee Point California Lilac	5 gallon	12"ht. x 24"wd.	Full, vigorous
CS	11	Cupressus sempervirens 'Glauca'	Italian Cypress	5 gallon	48"ht. x 24"wd.	Full, vigorous
RC	25	Rhamnus crocea	Redberry	5 gallon	24"ht. x 24"wd.	Full, vigorous
WE	33	Westringia fruticosa	Coast Rosemary	5 gallon	24"ht. x 24"wd.	Full, vigorous
ORNAMENTAL GRASS						
CA	3	Cordyline australis	New Zealand Cabbage	5 gallon		Full, vigorous
MC	42	Muhlenbergia capillaris	Pink Muhlygrass	5 gallon		Full, vigorous
PERENNIAL						
SE	8	Sedum ellacombeanum	Yellow Stonecrop	#1 cont.		
BIORETENTION BASIN PLANTS						
	100	Festuca rubra	Red Fescue	plug		36" on center
	100	Juncus patens	California Gray Rush	plug		36" on center
	100	Leymus condensatus 'Canyon Prince'	Canyon Prince Wild Rye	plug		36" on center
	100	Muhlenbergia rigens	Deergrass	plug		36" on center
	100	Mimulus cardinalis	Scarlet Monkey Flower	plug		36" on center

* QUANTITIES ARE PROVIDED FOR CONVENIENCE ONLY. CONTRACTOR IS RESPONSIBLE FOR ALL QUANTITIES OF PLANTS ON LANDSCAPE PLAN.

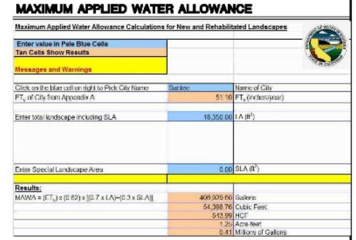
** INSTALL BIORETENTION BASIN PLANTS IN RANDOM GROUPINGS. FIVE PLANTS MINIMUM PER GROUP AND FIFTY PLANTS MAXIMUM PER GROUP.

ESTIMATED TOTAL WATER USE



HYDROZONE 1: TURF AND TREES AROUND PERIMETER OF SITE.
HYDROZONE 2: FOUNDATION PLANTINGS

MAXIMUM APPLIED WATER ALLOWANCE



LANDSCAPE NOTES:

1. LOCATING AND PROTECTING ALL UNDERGROUND UTILITIES, PRIOR TO DIGGING, IS RESPONSIBILITY OF THE LANDSCAPE CONTRACTOR.
2. PRIOR TO INSTALLATION, THE LANDSCAPE CONTRACTOR SHALL INSPECT THE SUB GRADE, GENERAL SITE CONDITIONS, VERIFY ELEVATIONS, UTILITY LOCATIONS, IRRIGATION, APPROVE TOPSOIL PROVIDED BY GENERAL CONTRACTOR AND OBSERVE THE SITE CONDITIONS UNDER WHICH THE WORK IS TO BE DONE. NOTIFY GENERAL CONTRACTOR OF ANY UNSATISFACTORY CONDITIONS. WORK SHALL NOT PROCEED UNTIL SUCH CONDITIONS HAVE BEEN CORRECTED AND ARE ACCEPTABLE TO THE LANDSCAPE CONTRACTOR AND/OR CONSTRUCTION MANAGER.
3. GENERAL AND LANDSCAPE CONTRACTOR ARE RESPONSIBLE FOR PROTECTING EXISTING TREES FROM DAMAGE DURING CONSTRUCTION. GENERAL CONTRACTOR TO INSTALL TREE PROTECTION FENCING PRIOR TO ANY SITE WORK.
4. ALL SHRUB AND GROUNDCOVER BEDS TO BE MULCHED WITH A MINIMUM OF 6 INCH DEPTH OF ROUNDED RIVER GRAVEL OVER A 4.1 OZ., WOVEN POLYPROPYLENE, NEEDLE-PUNCHED FABRIC, WEED BARRIER. EACH STONE TO BE A MINIMUM OF 2 INCH DIAMETER. ALL STAND-ALONE TREES WITHIN TURF AREAS ARE TO RECEIVE 3 INCHES OF CLEAN SHREDDED HARDWOOD MULCH.
5. PLANTING HOLES TO BE DUG A MINIMUM OF TWICE THE WIDTH AND 6-12 INCHES DEEPER THAN THE SIZE OF THE ROOT BALL OF BOTH SHRUB AND TREE. AMEND BACKFILL WITH TOPSOIL MIX. BACKFILL AND TAMP BOTTOM OF HOLE PRIOR TO PLANTING SO TOP OF ROOT BALL DOES NOT SETTLE BELOW SURROUNDING GRADE.
6. TOPSOIL MIX TO BE 4 PARTS SCREENED TOPSOIL AND 1 PART ORGANIC MATERIAL (i.e. NATURE'S HELPER OR PRO MIX).
7. EXISTING GRASS IN PROPOSED PLANTING AREAS TO BE REMOVED AND AREA TO BE HAND RAKED TO REMOVE ALL ROCKS AND DEBRIS LARGER THAN 1 INCH IN DIAMETER PRIOR TO PLANTING SHRUBS.
8. SOIL TO BE TESTED TO DETERMINE FERTILIZER AND LIME REQUIREMENTS. LIME AND FERTILIZER TO BE DISTRIBUTED PRIOR TO LAYING SOD. ALL DISTURBED AREAS (INCLUDING RIGHT-OF-WAYS) NOT RECEIVING PLANTINGS TO RECEIVE 4 INCHES OF TOPSOIL AND SODDED.
9. UC VERDE BUFFALO GRASS SOD TO BE DELIVERED FRESH (CUT LESS THAN 24 HOURS PRIOR TO ARRIVING ON SITE), LAID IMMEDIATELY, ROLLED AND WATERED THOROUGHLY WITHIN ONE HOUR OF INSTALLATION.
10. ALL CHANGES TO DESIGN AND/OR PLANT SUBSTITUTIONS TO BE AUTHORIZED BY LANDSCAPE ARCHITECT.
11. ALL PARKING ISLANDS TO BE BERMED UP 6"-10" WITH CLEAN FRIABLE TOPSOIL PRIOR TO PLANTING.
12. ALL LANDSCAPING SHALL BE INSTALLED IN CONFORMANCE WITH ANSI Z60.1 THE AMERICAN STANDARD FOR NURSERY STOCK, AND THE ACCEPTED STANDARDS OF THE AMERICAN ASSOCIATION OF NURSERYMEN.
13. SITE TO BE 100% IRRIGATED BY AN AUTOMATIC UNDERGROUND DRIP IRRIGATION SYSTEM. SOD AREAS TO BE IRRIGATED BY A DRIP SYSTEM NETAFIM OR APPROVED EQUAL.
14. THE LANDSCAPE CONTRACTOR SHALL GUARANTEE ALL PLANTS INSTALLED FOR ONE FULL YEAR FROM DATE OF ACCEPTANCE BY THE OWNER. ALL PLANTS SHALL BE ALIVE AND AT A VIGOROUS RATE OF GROWTH AT THE END OF THE GUARANTEE PERIOD. THE LANDSCAPE CONTRACTOR SHALL NOT BE RESPONSIBLE FOR ACTS OF GOD OR VANDALISM.
15. ANY PLANT THAT IS DETERMINED DEAD, IN AN UNHEALTHY OR UNSIGHTLY CONDITION, LOST ITS SHAPE DUE TO DEAD BRANCHES OR OTHER SYMPTOMS OF POOR, NON-VIGOROUS GROWTH SHALL BE REPLACED BY THE LANDSCAPE CONTRACTOR WITH THE COST OF THE REPLACEMENT INCLUDED IN THE BID OR PROPOSAL PRICE.
16. STAKE ALL TREES.
17. WATER THOROUGHLY TWICE IN THE FIRST 24 HOURS AND APPLY MULCH IMMEDIATELY.

LANDSCAPE CODE SUMMARY:

SANTEE MUNICIPAL CODE
SANTEE, CALIFORNIA

TITLE 17 ZONING
CHAPTER 17.36 LANDSCAPE AND IRRIGATION REGULATIONS

LANDSCAPE DEVELOPMENT STANDARDS (17.36.100)

B. PARKING LANDSCAPE STANDARDS
1. A MINIMUM OF TEN (10) PERCENT OF THE TOTAL OFF-STREET PARKING AREA SHALL BE LANDSCAPED WITH AT LEAST ONE FIFTEEN (15) GALLON MINIMUM SIZE TREE PER EACH THREE (3) PARKING STALLS

49,716 SF OF PARKING AREA
- 4,972 SF REQUIRED
- 18,350 SF OF LANDSCAPE AREA PROVIDED

129 PARKING STALLS
- 43 TREES REQUIRED
- 43 TREES PROVIDED

LANDSCAPE HATCH LEGEND:

- UC VERDE BUFFALO GRASS SOD (12,150 SF)
- ROUNDED RIVER ROCK GRAVEL (6,200 SF)
- BIORETENTION BASIN (4,350 SF)

GRAPHIC SCALE IN FEET (0, 20, 40, 60)

REVISION | No. | DATE

PROJECT No: 079261
DATE 02/15/19
DES.
DR.
CKD.

WOOLPERT
1203 Walnut Street
2nd Floor
Cincinnati, OH 45202
513.272.8300
FAX: 937.461.0743

WOODSPRING SUITES
GOLD COAST PREMIER PROPERTIES, LLC
SANTEE, CALIFORNIA

LANDSCAPE PLAN

SHEET NO.
L100

CUP SITE PLAN
APN 383-112-52
WOODSPRING SUITES
IN THE CITY OF SANTEE, COUNTY OF SAN DIEGO
AUGUST 2019

ASSESSOR'S PARCEL NUMBER:
383-112-52

LEGAL DESCRIPTION
THAT PORTION OF LOTS 5 AND 12 IN BLOCK "C" OF FANITA RANCHO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 688, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, OCTOBER 22, 1891;

EXCEPTING THEREFROM THAT PORTION AS CONDEMNED BY THE FINAL ORDER OF CONDEMNATION DATE APRIL 7,1995 AND FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, APRIL 10, 1995, AS DOCUMENT NO. 1995-0149765.

STATISTICAL INFORMATION
ADDRESS: 8807 MISSION GORGE ROAD, SANTEE, CA 92701

PROPOSED PROPERTY USE: 4 STORY HOTEL (122 ROOMS)

CURRENT PROPERTY USE: VACANT

EXISTING ZONING: GENERAL COMMERCIAL (C-G)

PROPOSED ZONING: GENERAL COMMERCIAL (C-G)

PROPERTY ACREAGE:	2.05 AC
TOTAL AREA OF PROJECT SITE:	±89,218 SF
PROPOSED BUILDING AND PAVED SURFACE AREA:	71,464 SF
EXISTING LANDSCAPE AREA:	±89,218 SF 100%
PROPOSED LANDSCAPE AREA:	13,426 SF 15.05%
PERVIOUS AREA:	17,753 SF
IMPERVIOUS AREA:	71,464 SF

PARKING:

REQUIRED	(126):
1 PARKING SPACE PER ROOM	(122)
(11 REQUIRED TO BE ELECTRIC VEHICLE)	
2 SPACES FOR RESIDENT MANAGER	(2)
2 MOTORCYCLE PARKING OVER 100 SPACES	(2)
5% LOCKABLE BICYCLE PARKING	(6)
PROPOSED TOTAL	(127):
STANDARD SPACES	(118)
(11 REQUIRED FOR ELECTRIC VEHICLE)	
ACCESSIBLE SPACES	(5)
LOADING SPACES	(2)
MOTORCYCLE SPACES	(2)
LOCKABLE BICYCLE PARKING	(6)

BUILDING SETBACKS:
FRONT YARD (STREET): 10' SIDE YARD (WEST): 100'
SIDE YARD (EAST): 5' REAR YARD (SOUTH): 100'

NOTE:
*ALL WORK TO COMPLY WITH 2016 CBC.

EASEMENT NOTES:
PLOTTABLE EASEMENTS ARE SHOWN FROM AN OWNER-SUPPLIED TITLE REPORT INDICATED BY A "□"; NON-PLOTTABLE EASEMENTS ARE INDICATED BY "○"; ALL WITHIN THE "EXCEPTION" ITEMS OF THE TITLE REPORT.

1. A 25.00' WIDE EASEMENT FOR PUBLIC ROAD PURPOSES, RECORDED JUNE 14, 1954 IN BOOK 5272, PAGE 192 OF OFFICIAL RECORDS. EASEMENT PLOTTED HEREON.
2. A 25.00' WIDE EASEMENT FOR PUBLIC ROAD PURPOSES, RECORDED JANUARY 3, 1958 IN BOOK 5482, PAGE 255 OF OFFICIAL RECORDS. EASEMENT PLOTTED HEREON.
3. A 25.00' WIDE EASEMENT FOR PUBLIC WATER AND SEWER PURPOSES, RECORDED JANUARY 3, 1958 IN BOOK 7870, PAGE 28 OF OFFICIAL RECORDS, IN FAVOR OF SANTEE COUNTY WATER DISTRICT. EASEMENT PLOTTED HEREON.
4. AN EASEMENT FOR STATE HIGHWAY PURPOSES AND ABUTTER'S RIGHTS AS SHOWN IN FINAL ORDER OF CONDEMNATION, RECORDED APRIL 7, 1995 AS DOCUMENT NO. 1995-0149765, OFFICIAL RECORDS, IN FAVOR OF THE STATE OF CALIFORNIA. EASEMENT PLOTTED HEREON.

GENERAL NOTES:
EMERGENCY ACCESS/FIRE LANES:
THE FIRE LANE(S) SHALL BE IDENTIFIED BY PAINTING CURBS RED WITH WHITE-STENCILED LETTERS INDICATING "NO PARKING – FIRE LANE" EVERY 30 FEET ALONG ALL PORTIONS OF THE FIRE LANE. RED STRIPES WITH WHITE STENCILED LETTERS SHALL BE PAINTED ON THE CURB OR ASPHALT IN FRONT OF GARAGES ALONG FIRE LANES AS WELL OR, SIGNS SHALL BE INSTALLED ON THE EDGE OF THE CURB INDICATING THE SAME. PLACEMENT OF THE SIGNS SHALL BE EVERY 75 FEET (OR OTHER APPROVED SPACING), PLACED IN BETWEEN THE CURB STENCILING. EXACT PLACEMENT SHALL BE APPROVED BY THE FIRE CODE OFFICIAL PRIOR TO INSTALLATION.

FIRE HYDRANT:
HYDRANTS SHALL HAVE TWO, 2 1/2" PORTS AND ONE, 4" PORT, WITH A MINIMUM FIRE FLOW OF 3000 GALLONS PER MINUTE FOR 3 HOURS. HYDRANTS SHALL BE OF ALL BRONZE CONSTRUCTION, PAINTED "FIRE HYDRANT YELLOW" AND BE INSTALLED PER PADRE DAM WATER DISTRICT REQUIREMENTS. EXACT LOCATION OF REQUIRED HYDRANTS IS TO BE DETERMINED BY THE FIRE CODE OFFICIAL PRIOR TO INSTALLATION.

ADDRESS NUMBERS:
ADDRESS NUMBERS SHALL BE PLACED NEAR THE ROOFLINE OF THE BUILDING VISIBLE FROM THE STREET OR ACCESS ROADWAY. NUMBERS SHALL BE BLOCK STYLE, 12" IN HEIGHT, BLACK IN COLOR (OR OTHER APPROVED COLOR), IN CONTRAST WITH THEIR BACKGROUND. ADDRESS NUMBERS SHALL ALSO BE ILLUMINATED FOR NIGHTTIME VISIBILITY.

UTILITY:
THE UNDERGROUND UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY INFORMATION AND EXISTING DRAWINGS. THE SURVEYOR MAKES NO GUARANTEE THAT THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHER DOES NOT WARRANT THAT THE UNDERGROUND UTILITIES SHOWN ARE IN THE EXACT LOCATION INDICATED ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM INFORMATION AVAILABLE. THE SURVEYOR HAS NOT PHYSICALLY LOCATED THE UNDERGROUND UTILITIES.

AERIAL TOPOGRAPHY:
THE AERIAL TOPOGRAPHY AND CONTOURS SHOWN WERE PREPARED BY INLAND AERIAL AND FLOWN ON 12/12/18

BASIS OF BEARINGS:
THE BASIS OF BEARINGS FOR THIS SURVEY IS THE SAN DIEGO COUNTY REAL TIME NETWORK USING CALIFORNIA COORDINATE SYSTEM 83, ZONE 6, NAD 83, EPOCH 2010.00(00), AS DETERMINED LOCALLY BY A LINE BETWEEN CONTINUOUS OPERATING REFERENCE STATIONS (CORS) CAMPELLHT AND POINT LOMA BEING N28°20'18"E AS DERIVED FROM GEODETIC VALUES PUBLISHED BY THE CALIFORNIA SPATIAL REFERENCE CENTER (CSRC) AND MEETS ALL THE REQUIREMENTS OF THE CALIFORNIA PUBLIC RESOURCES CODE.

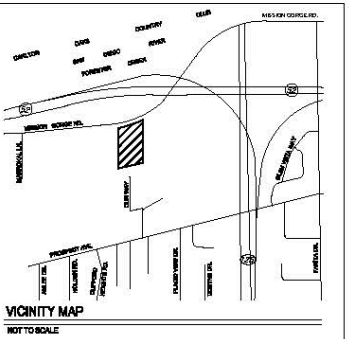
BEARINGS SHOWN HERE ON ARE GRID, QUOTED BEARINGS FROM REFERENCE MAPS OR DEEDS ARE PER SAID REFERENCE AND MAY OR MAY NOT BE IN TERMS OF SAID SYSTEM.

DISTANCES SHOWN HEREON ARE GROUND DISTANCES
THE COMBINED GRID FACTOR AT FD. 2" IP, TAGGED LS 6187, IN LIEU OF 2" IP, TAGGED LS 8011, PER MAP 16190 IS .9999146
GRID DISTANCE = GROUND DISTANCE MULTIPLIED BY COMBINED GRID FACTOR.
ELEVATION AT POINT 322.16

BENCHMARK:
CITY OF SANTEE APPROVED BENCHMARK STATION DESIGNATION 1008, PER R.S. 11252, BEING STANDARD STREET SURVEY MONUMENT STAMPED "SD CO 1985". STATION 1534+96.72 ON THE CENTERLINE OF FANITA DR. 31'+- NORTHERLY OF THE CENTERLINE OF PROSPECT AVE. BEING 345.09 FEET.

FLOOD ZONE DESIGNATION:
THE LAND SHOWN HEREON IS DESIGNATED AS BEING IN ZONE "X" PER FLOOD INSURANCE RATE MAP (FIRM) PANEL NO. 06073C1634G, WHICH BEARS AN EFFECTIVE DATE OF MAY 16, 2016 ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA), DESIGNATED AREA BEING DESCRIBED AS "AREAS OF 0.2% ANNUAL CHANCE FLOOD; AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE, AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD."

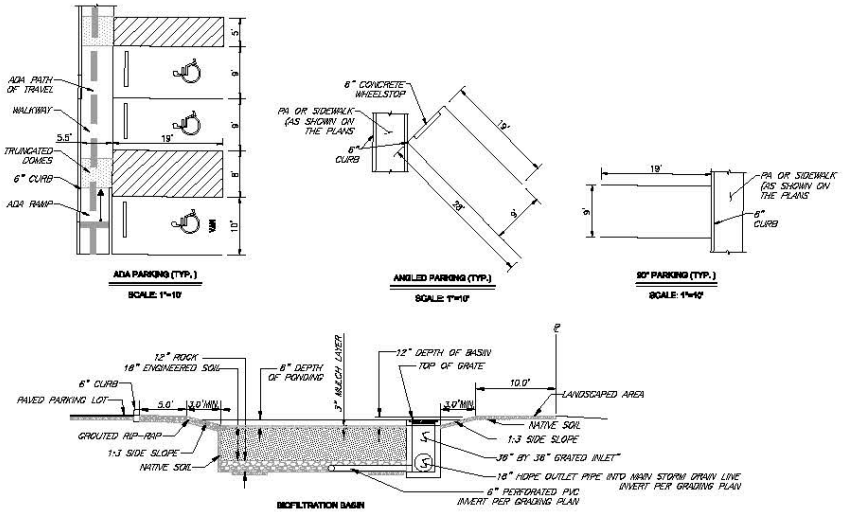
NOTE:
ALL STORM DRAIN INLETS ARE TO BE FITTED WITH A GRATE AND OR TRASH RACKS THAT ARE STATE CERTIFIED AS FULL CAPTURE DEVICES AND CAPTURE DEBRIS 3 MM OR GREATER.



ABBREVIATIONS

ACCESS.	– ACCESSIBLE	FD	– FINISHED GRADE	R/W	– RIGHT OF WAY
BLD.	– BUILDING	FL	– FLOW LINE	S	– SOUTH
BOT	– BOTTOM	FS	– FINISHED SURFACE	SD	– STORM DRAIN
BSL	– BUILDING SETBACK LINE	HW	– HEAD WALL	SDMH	– STORM DRAIN MANHOLE
BW	– BOTTOM OF WALL	INV	– INVERT	SDJS	– STORM DRAIN JUNCTION STRUCTURE
CAB	– CRUSHED AGGREGATE BASE	MON	– MONUMENT		
CB	– CATCH BASIN	MUTCD	– MANUAL ON UNIFORM CONTROL DEVICES	SF	– SQUARE FEET
C&G	– CURB AND GUTTER			SMH	– SEWER MANHOLE
℄	– CENTERLINE	N	– NORTH	STD	– STANDARD
CLF	– CHAINLINK FENCE	PA	– PLANTER AREA	TS	– TRAFFIC SIGNAL
COMM	– COMMERCIAL	℘	– PROPERTY LINE	TW	– TOP OF WALL
CONC.	– CONCRETE	PREV.	– PREVIOUS	TYP.	– TYPICAL
DEC	– DECORATIVE	PROP.	– PROPOSED	W	– WEST
DWY	– DRIVEWAY	RCP	– REINFORCED CONC. PIPE	WI	– WROUGHT IRON
E	– EAST	REC.	– RECLAIMED	WM	– WATER METER
EX.	– EXISTING	RET.	– RETAINING	WS	– WATER SHED
FF	– FINISHED FLOOR	RW	– RETAINING WALL		

LEGEND
PARCEL LINE
EASEMENT
SITE BOUNDARY
EX. ℄
EX. R/W
PROP. FL
STEM WALL
AQA. PATH OF TRAVEL
EMERGENCY ACCESS
RIBBON GUTTER



SHEET INDEX

OWNERS:
LYNDA M. MARROKAL
CARY MARROKAL AND
REBECCA MARROKAL
8807 MISSION GORGE RD.
SANTEE, CA 92071

APPLICANT:
GOLD COAST PROPERTIES CAS, LLC
16139 SW 117TH ST, UNIT 82
MIAMI, FL 33177
(786) 701-3584
ATTN: VERONICA GARCIA

ENGINEER:
KWC ENGINEERS
1880 COMPTON AVENUE, SUITE 100
CORONA, CA 92881-3370
(951) 734-2130
(951) 273-3304 FAX
CONTACT: BRANDON BARNETT, P.E.

REGISTERED PROFESSIONAL ENGINEER BRANDON M. BARNETT No. 78472 CIVIL STATE OF CALIFORNIA

WOODSPRING SUITES

Date	By	REVISIONS

SCALE: AS SHOWN
DATE: 5/20/2019
DESIGNED: JAM
CHECKED: BB

KWC ENGINEERS
CIVIL ENGINEERS • PLANNERS • SURVEYORS
1880 COMPTON AVENUE, SUITE 100 • CORONA, CAL 92881-3370 • 951-734-2130

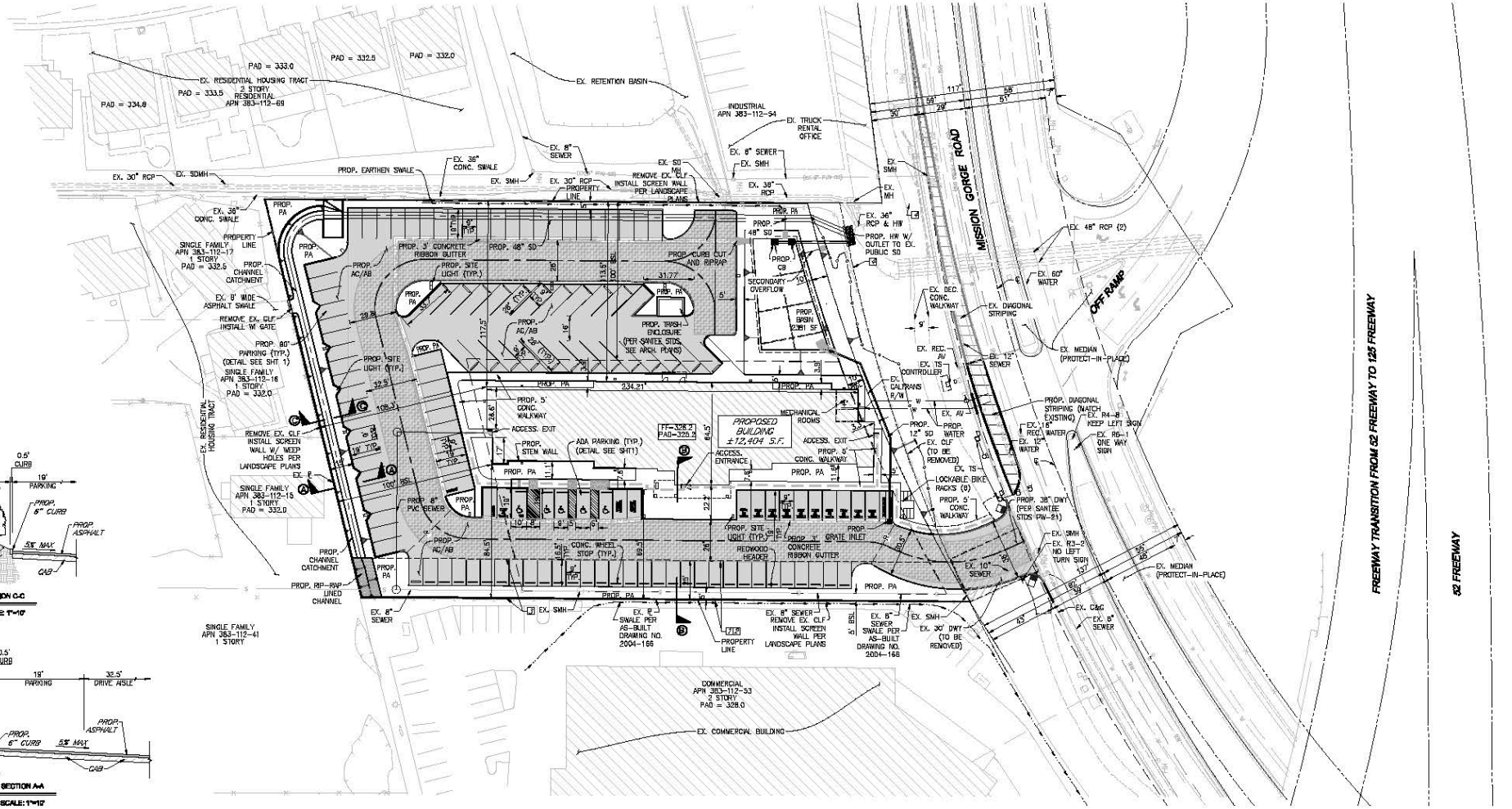
SHEET 1 OF 3 SHEETS

CUP SITE PLAN

APN 383-112-52

WOODSPRING SUITES

IN THE CITY OF SANTEE, COUNTY OF SAN DIEGO
AUGUST 2019



REGISTERED PROFESSIONAL ENGINEER
BRANDON M. BARNETT
No. 78472
CIVIL
STATE OF CALIFORNIA

20' 0 20' 40' 60'
SCALE IN FEET

WOODSPRING SUITES

Date	By	REVISIONS

SCALE: AS SHOWN
DATE: 5/20/2019
DESIGNED: JAM
CHECKED: BB

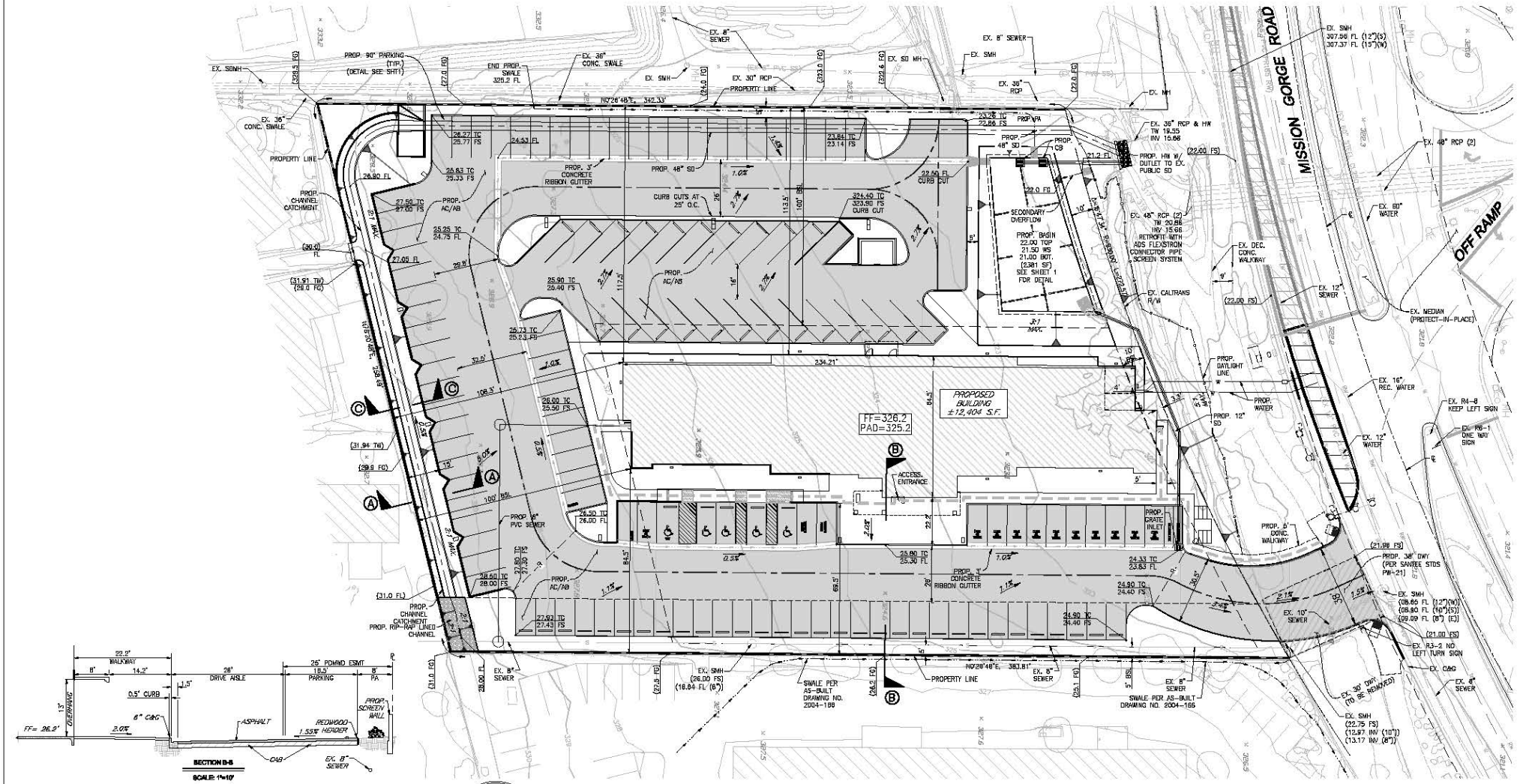
KWC ENGINEERS
CIVIL ENGINEERS • PLANNERS • SURVEYORS
1960 CHAPIN AVENUE, SUITE 100 • CORONA, CA. 92881-3570 • 951-734-0130

SHEET 2 OF 3 SHEETS

CUP GRADING PLAN

APN 383-112-52
WOODSPRING SUITES

IN THE CITY OF SANTEE, COUNTY OF SAN DIEGO
AUGUST 2019



NOTE:
*ADD 300' TO ALL ELEVATIONS TO MATCH DATUM.

REGISTERED PROFESSIONAL ENGINEER BRANDON M. BARRETT No. 78472 CIVIL STATE OF CALIFORNIA

WOODSPRING SUITES

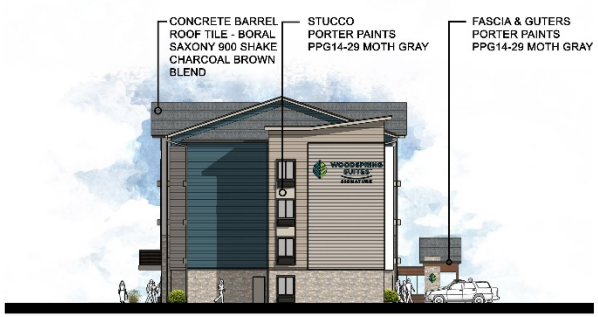
Date	By	REVISIONS

SCALE: AS SHOWN
DATE: 5/20/2019
DESIGNED: JAM
CHECKED: BB

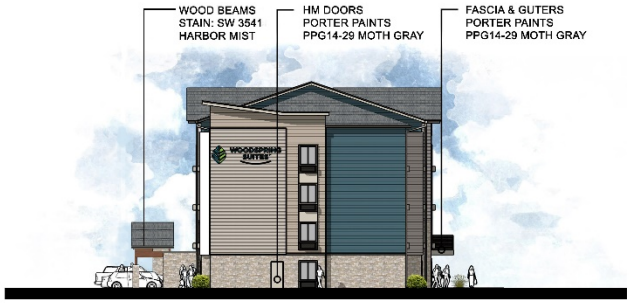
KWC ENGINEERS
CIVIL ENGINEERS • PLANNERS • SURVEYORS
3990 OLYMPIC AVENUE, SUITE 100 • CORONA, CA. 92880 • (951) 734-9130

SHEET 3 OF 3 SHEETS

EAST ELEVATION



SOUTH ELEVATION



NORTH ELEVATION

WEST ELEVATION

EXHIBIT B
Conditional Use Permit No. P2019-1

GOLD COAST
PREMIER PROPERTIES
January 22nd, 2019

SANTEE
WOODSPRING SUITES

WOOLPERT
ARCHITECTURE | ENGINEERING | GEOSPATIAL

September 18, 2019

PROPOSED BUILDING FINISHES

LAP SIDING

SW7618
"DEEP SEA DIVE"
Interior / Exterior

SW6078
"REALIST BEIGE"
Interior / Exterior

SW7050
"USEFUL GRAY"
Interior / Exterior

SW7037
"BALANCED BEIGE"
Interior / Exterior

WOOD STAIN

SW3541
"HARBOR MIST"
Exterior Semi-Transparent

EXTERIOR TRIM

SW7048
"URBANE BRONZE"
Interior / Exterior

MANUFACTURED STONE VENEER

ENVIRONMENTAL STONEWORKS
CASTLE ROCK STONE "SANDSTONE"

EXHIBIT C

CITY OF SANTEE
Department of Development Services

Woodspring Suites Hotel Project

Class 32 CEQA Exemption Analysis

September 2019

I. PROJECT CHARACTERISTICS

1. **Project Title:**
   Woodspring Suites Hotel Project
   Conditional Use Permit No. P2019-1

2. **Lead Agency Name and Address:**
   City of Santee
   Department of Development Services
   10601 Magnolia Avenue
   Santee, CA 92071

3. **Contact Person and Phone Number:**
   Michael Coyne
   Associate Planner
   (619) 238-6417
   10601 Magnolia Avenue
   Santee, CA 92071
   mcoyne@cityofsanteeca.gov

4. **Project Location:**
   8801 Mission Gorge Road
   Assessor's Parcel Number: 383-112-52-00

5. **Project Sponsor's Name and Address:**
   Gold Coast Properties CA 4, LLC
   Attn: Veronica Garcia
   16155 SW 117th Avenue, Unit B2
   Miami, FL 33177

6. **Property Owner:**
   Marrokal Family Living Trust
   Attn: Linda Marrokal
   1614 Rancho Judith
   Alpine, CA 91901

7. **Existing General Plan Designation:**
   General Commercial

8. **Existing Zoning:**
   General Commercial

II. EXECUTIVE SUMMARY

The project applicant, Gold Coast Properties CA 4, LLC, has submitted an application for a Conditional Use Permit (P2019-1) for a proposed Woodspring Suites Hotel on a 2.05-acre vacant lot at 8801 Mission Gorge Road in the General Commercial (GC) Zone. The Conditional Use Permit Application includes a variance request to the 40-foot height limit of the GC Zone. The proposed hotel would consist of four stories and measure 49 feet above ground level at its highest point. The hotel would have a total of 48,413 gross square feet, consisting of 122 guestrooms and a lobby, fitness center, laundry facility and offices on the ground floor. A total of 127 parking spaces would be provided. The site would include 13,426 sq. ft. of landscaping. Table 1 summarizes the characteristics of the project.

The California Environmental Quality Act (CEQA) Analysis provided herein evaluates the consistency of the project with the exemption requirements for a Class 32 Categorical Exemption for infill development projects as set forth in CEQA Guidelines Section 15332. Based on the information and conclusions set forth on the following pages, this CEQA Analysis demonstrates the Project's consistency with the requirements for a Class 32 Categorical Exemption. No additional environmental documentation or analysis is required.

Table 1: Project Development Summary

Description	Amount
Total Lot Area	89,218 sq. ft. (2.05 acres)
Total Building Footprint Area	12,404 sq. ft. (14% lot coverage)
Total Floor Area	48,413 sq. ft (FAR = 1.1)
Building Height	49 ft. to top of roof
Number of Hotel Rooms	122 guestrooms
Landscaped Area	13,426 sq. ft.
Number of Parking Spaces	127 spaces

III. PROJECT DESCRIPTION

Proposed Project

The Project would grade the site and construct a 4-story, 122-room Woodspring Suites Hotel. The hotel would consist of a ground floor lobby with a reception area, fitness center, laundry facility and offices and five types of hotel guest rooms: 67 Queen Suites ("QS"), 38 Double Queen Suites ("DQS"), 10 Deluxe Queen Suites ("DxQS"), 4 Accessible Queen Suites ("AQS"), 2 Accessible Double Queen Suites ("ADQS") and 1 Accessible Deluxe Queen Suite ("ADxQS"). All suites would include kitchenettes intended for extended stays of up to 30 days.

The new building would have a surface footprint of approximately 12,404 square feet for a lot coverage of 14 percent. The building would consist of four stories and measure 49 feet above ground level at its highest point. The proposed project would provide a total of 127 parking spaces, including 120 standard spaces (which includes 11 electric vehicle charging spaces), 5 handicap accessible spaces, and 2 loading spaces. In addition, 6 bicycle spaces would also be provided. Additionally, the project would include a catchment channel and basin, a biofiltration basin, and a new storm drain through the associated parking lot. The project would include ornamental landscaping along the periphery of the project site, within the parking lot, and along the edges of the proposed hotel. Landscaping would include street trees, shrubs, ornamental grass, and perennial plants.

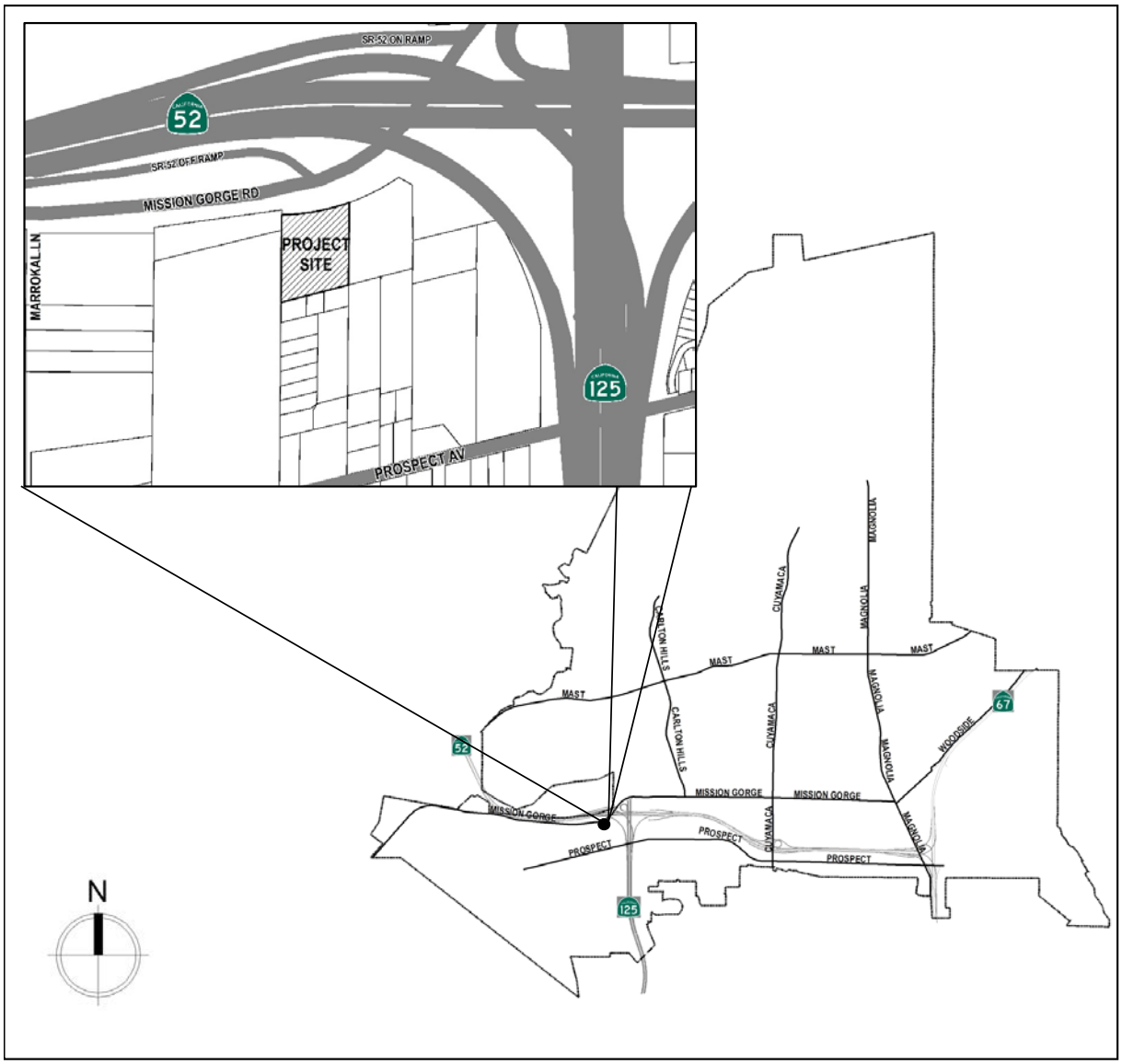
Project Location

As shown in **Figure 1**, the 2.05-acre Project site is located along Mission Gorge Road, immediately south of State Route 52 and west of State Route 125. The nearest local cross streets are Fanita Drive to the east and Mesa Road to the west. Regional access is provided by SR 52, SR 67, and SR 125. The site is served by San Diego Metropolitan Transit System (MTS) bus route 834, with the nearest bus stop at Mesa Road and Mission Gorge Road, approximately 2,000 feet from the site.

Existing Conditions and Surrounding Land Uses

The project site consists of an undeveloped parcel of land that is regularly cleared of brush and weeds for fire management. The surrounding vicinity is a mix of residential and commercial development, with some undeveloped parcels nearby. To the north of the project site is Mission Gorge Road, with SR 52 (and its associated off-ramp), the San Diego River, and Carlton Oaks Country Club golf course farther north. Immediately east of the project site is an automotive collision center, with the SR 52 and SR 125 interchange further east. To the west of the project site is an RV rental center and a vacant undeveloped lot. South of the project site are single family residential homes, accessed from Prospect Avenue.

Figure 1. Project Location Map



General Plan and Zoning

The Project site's General Plan designation and zoning is General Commercial. The General Commercial designation and zoning is intended for general commercial activities and services of a more intensive nature along major transportation routes. Intended uses include community shopping centers, department stores, restaurants, financial institutions, automotive uses and other specialized services. This designation encourages the grouping of commercial outlets into consolidated centers. Appropriate areas to be established with general commercial activities should have direct access to major roads, prime arterials or freeways.

The General Commercial zoning establishes the development standards for the proposed hotel. Required building setbacks are 10 feet from street right-of-way, 20 feet from the rear property line as it adjoins a residential zone, and 5 feet from the side property lines. The base height in the General Commercial Zone is 40 feet, however Section 13.12.040.A.2 allows for a deviation from this height with a Conditional Use Permit. The proposed height with the subject Conditional Use Permit application for the proposed hotel is 49 feet.

Project Construction

The Project would be constructed over approximately 12 months and is anticipated to start in December 2019. Construction activities would consist of grading and site preparation, foundation construction, construction of the building, flatwork, and interior finishing. Construction grading of the proposed project would require approximately 1,841 cubic yards of cut and 2,521 cubic yards of fill, with 680 cubic yards of imported soil.

Standard Project Conditions

The following Standard Project Conditions would be required of the proposed project. These measures would be incorporated as Conditions of Approval for the entitlement of the Conditional Use Permit and are typical for projects built on vacant land within the City of Santee. Such measures taken to comply with building codes or to address common and typical concerns for new projects do not preclude CEQA exemptions (Berkeley Hillside Preservation v. City of Berkeley (2015) 241 Cal.App.4th 943, 960-961). The following measures are standard conditions for similar development projects entitled in the past by the City of Santee:

Standard Project Condition No. 1 – Air Quality:

The project shall incorporate the following standard air quality measures:

1. The construction contractor shall use a minimum of Tier 2 construction equipment with a Level 3 diesel particulate filter or equivalent for equipment over 50 horsepower.

2. During all grading and site preparation activities, the on-site construction superintendent shall ensure implementation of standard best management practices to reduce the emissions of fugitive dust, including, but not limited to, the following actions:

    a) Water any exposed soil areas a minimum of twice per day, or as allowed under any imposed drought restrictions. On windy days or when fugitive dust can be observed leaving the construction site, additional water shall be applied at a frequency to be determined by the on-site construction superintendent.

    b) Operate all vehicles on the construction site at speeds of less than 15 miles per hour.

    c) Cover all stockpiles that will not be utilized within 3 days with plastic or equivalent material, to be determined by the on-site construction superintendent, or spray them with a nontoxic chemical stabilizer.

    d) Fugitive dust should be suppressed to the greatest extent possible with the use of water trucks during site grading.

3. During all grading and site preparation activities, the on-site construction superintendent shall ensure implementation of applicable California Department of Resources Recycling and Recovery (CalRecycle) Sustainable (Green) Building Program Measures, as follows:

    a) Recycle/reuse at least 65 percent of construction materials (including, but not limited to, soil, mulch, vegetation, concrete, lumber, metal, and cardboard).

    b) Use “green building materials” (e.g., those materials that are rapidly renewable or resource efficient, and recycled and manufactured in an environmentally friendly way) for at least 10 percent of the project, as specified on the CalRecycle website.

4. The project shall exceed current Title 24 of the California Code of Regulations, established by the CEC, regarding energy conservation and green building standards by 10 percent. The project applicant shall incorporate the following in the building plans:

    a) The project shall include the installation of infrastructure necessary for electric vehicle parking, as well as providing preferential parking for electric vehicles. The project shall provide bike parking on-site.

    b) The project shall utilize high-efficiency equipment and fixtures consistent with the 2016 Green Building Code and Title 24 energy conservation standards.

The project shall include the installation of infrastructure to make the proposed project solar-ready.

c) The project shall comply with the Santee Water Efficient Landscape Ordinance. The ordinance promotes water conservation and efficiency by imposing various requirements related to evapotranspiration rates, irrigation efficiency, and plant factors.

d) The project shall install a rainwater capture device used for outdoor landscaping purposes.

e) The project shall plant trees and plants to help increase the rate of carbon sequestration on-site.

f) The project shall reduce solid waste disposal through recycling, composting and source reduction of solid waste.

Standard Project Condition No. 2 – Biological Resources:

The following standard biological resource measures shall be implemented with the proposed project:

1. The contractor shall install orange construction fencing (or similar) along the perimeter of the impact area.

2. A biological monitor shall be present during any vegetation-clearing activities conducted during the avian nesting season (February 15 through August 31).

3. If clearing must occur within the avian nesting season (February 15 through August 31), a qualified biologist shall survey the project site no more than three days prior to the start of the planned vegetation clearing to confirm if nesting birds are present on the project site and identify locations of nests. If nesting birds are detected within or adjacent to the project site, impacts to nesting birds shall be avoided or minimized by establishing an avoidance buffer of at least 500 feet for raptors or special-status species and at least 300 feet for all other bird species around the nesting location and conducting biological monitoring (by a qualified biologist) during construction until the nest(s) are no longer active. Buffer areas for non-listed nesting birds or raptors may be reduced at the discretion of the qualified biologist depending on the sensitivity of the nesting species.

4. All vehicles, equipment, tools, and supplies shall stay within the limits of the impact area.

5. Vegetation located outside of the proposed impact area shall not to be disturbed during access or construction.

6. BMP features (e.g., silt fencing, straw wattles, and gravel bags) shall be installed where necessary to prevent off-site sedimentation.

7. Long-term storage of equipment, vehicles, tools, and supplies shall occur only in the impact area. Vegetated areas outside of the impact area are not to be used for storage.

Standard Project Condition No. 3 – Geology/Soils:

1. The Construction Contractor shall ensure that construction of the project complies with the recommendations identified in the project specific geotechnical investigation. Recommendations related to general construction, seismic considerations, earthwork, foundations, building floor slabs, lateral earth pressures, corrosivity, drainage, storm infiltrations, exterior concrete and masonry flatwork and paved areas shall be adhered to during all project design and construction.

Standard Project Condition No. 4 – Noise:

1. Prior to issuance of grading permits, the Director of Development Services, or designee, shall verify that all construction plans include notes stipulating the following:

   a) Operations shall conform to the City's noise ordinance standards through the use of smaller equipment or operation time restrictions.

   b) All equipment shall be equipped with properly maintained mufflers.

   c) The construction contractor shall place noise-generating construction equipment and locate construction staging areas away from sensitive uses whenever feasible.

   d) The construction contractor shall use on-site electrical sources to power equipment rather than diesel generators where feasible.

2. All residential units located within 500 ft of the construction site shall be sent a notice regarding the construction schedule. A sign legible at a distance of 50 ft shall also be posted at the construction site. All notices and the signs shall indicate the dates and durations of construction activities, as well as provide a telephone number for the construction superintendent.

3. The construction superintendent shall be responsible for responding to any local complaints about construction noise. The construction superintendent shall determine the cause of the noise complaint (e.g., starting too early, bad muffler) and shall be required to implement reasonable measures to reduce noise levels.

4. The construction contractor shall use light construction equipment (e.g. small bulldozers and trucks) within 5 feet from the project site boundary.

5. The following shall be incorporated into the project construction plan: "Control of Construction Hours. Construction activities occurring as part of the project shall be subject to the limitations and requirements of SMC Chapter 5.04 which states that construction activities may occur between 7:00 a.m. and 7:00 p.m. Mondays through Saturdays. No construction activities shall be permitted outside of these hours or on Sundays and federal holidays. No construction activity will be permitted outside of these hours except in emergencies."

6. Mechanical ventilation systems such as air conditioning shall be installed at the proposed medical office building to ensure that windows can remain closed for a prolonged period of time.

7. Building facade upgrades such as windows that are higher than Sound Transmission Class (STC) 24 to STC-28 shall be used for the building façade along SR-52 and ramps.

Project Design Condition 5 -- Tribal/Archaeological Monitor:

1. A Native American Monitor from the Jamul Indian Village or Viejas Band of Kumeyaay Indians shall be present for any pre-construction meeting and for all ground disturbing activities associated with the project. Should any cultural or tribal cultural resources be discovered, no further grading shall occur in the area of the discovery until the Director of Development Services, or designee, with concurrence from the Native American Monitor, are satisfied that treatment of the resource has occurred. In the event that a unique archaeological resource or tribal cultural resource is discovered, and in accordance with Public Resources Code Section 21083.2(b)(1), (2), and (4), the resource shall be moved and buried in an open space area of the Project site, such as slope areas, which will not be subject to further grading activity, erosion, flooding, or any other ground disturbance that has the potential to expose the resource. The on-site area to which the resource is moved shall be protected in perpetuity as permanent open space. No identification of the resource shall be made on-site; however, the Applicant shall plot the new location of the resource on a map showing latitudinal and longitudinal coordinates and provide that map to the Native American Heritage Commission (NAHC) for inclusion in the Sacred Lands File (SLF). Disposition of the resources shall be at the discretion of the City of Santee, but in accordance with the foregoing.

2. Prior to the start of ground-disturbing activities, the applicant shall retain a qualified archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archaeology (U.S. Department of the Interior, 2012) to carry out all mitigation related to cultural resources.

3. Prior to start of ground-disturbing activities, the qualified archaeologist shall conduct cultural resources sensitivity training for all construction personnel. Construction personnel shall be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. The applicant shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

4. An archaeological monitor (working under the direct supervision of the qualified archaeologist) shall observe all initial ground-disturbing activities, including but not limited to brush clearance, vegetation removal, grubbing, grading, and excavation. The qualified archaeologist, in coordination with the applicant and the City, may reduce or discontinue monitoring if it is determined by the qualified archaeologist that the possibility of encountering buried archaeological deposits is low based on observations of soil stratigraphy or other factors. Archaeological monitoring shall be conducted by an archaeologist familiar with the types of archaeological resources that could be encountered within the project site. The archaeological monitor shall be empowered to halt or redirect ground-disturbing activities away from the vicinity of a discovery until the qualified archaeologist has evaluated the discovery and determined appropriate treatment (as prescribed below). The archaeological monitor shall keep daily logs detailing the types of activities and soils observed, and any discoveries. After monitoring has been completed, the qualified archaeologist shall prepare a monitoring report that details the results of monitoring. The report shall be submitted to the City and any Native American groups who request a copy. A copy of the final report shall be filed at the South Coastal Information Center (SCIC).

5. In the event of the unanticipated discovery of archaeological materials, all work shall immediately cease in the area (within 100 feet) of the discovery until it can be evaluated by the qualified archaeologist. Construction shall not resume until the qualified archaeologist has conferred with the applicant and the City on the significance of the resource.

6. If it is determined that the discovered archaeological resource constitutes a historical resource or a unique archaeological resource under CEQA, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Cultural Resources Treatment Plan shall be prepared and implemented by the qualified archaeologist in consultation with the applicant and the City that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource. The qualified archaeologist

and the City shall consult with appropriate Native American representatives in determining treatment for prehistoric or Native American resources to ensure cultural values ascribed to the resources, beyond those which are scientifically important, are considered.

7. If human remains are encountered, all work shall halt in the vicinity (within 100 feet) of the discovery and the San Diego County Coroner will be contacted in accordance with PRC Section 5097.98 and Health and Safety Code Section 7050.5. The applicant and the City will also be notified. If the County Coroner determines that the remains are Native American, the NAHC will be notified in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC Section 5097.98 (as amended by AB 2641). The NAHC will designate a Most Likely Descendant (MLD) for the remains per PRC Section 5097.98. Until the landowner has conferred with the MLD, the applicant will ensure that the immediate vicinity where the discovery occurred is not disturbed by further activity, is adequately protected according to generally accepted cultural or archaeological standards or practices, and that further activities take into account the possibility of multiple burials.

VII. CLASS 32 CATEGORICAL EXEMPTION ANALYSIS

The following analysis provides substantial evidence to support a conclusion that the project qualifies for an exemption under CEQA Guidelines Section 15332 as a Class 32 urban infill development, and would not have a significant effect on the environment.

Class 32 Categorical Exemption: Class 32 consists of projects characterized as in-fill development meeting the conditions described below:

(a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

(b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.

(c) The project site has no value as habitat for endangered, rare or threatened species.

(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

(e) The site can be adequately served by all required utilities and public services.

Criterion Section 15332(a): General Plan and Zoning Consistency

Yes	No	
☑	☐	The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

General Plan

The General Plan Land Use Designation for the site is General Commercial. In accordance with the Land Use Element of the General Plan, the the General Commercial land use designation provides for commercial areas with a wide range of retail and service activities. Intended uses include community shopping center, department stores, restaurants, financial institutions, automotive uses and other specialized services. This designation encourages the grouping of commercial outlets into consolidated centers. Appropriate areas to be established with general commercial activities should have direct access to major roads, prime arterials or freeways. Mission Gorge Road, upon which the site is located, is classified as a Major Arterial. The site also has direct access from the SR-52 freeway. The proposed hotel would be classified as a specialized service activity, consistent with the General Plan land use designation.

Zoning

The Zoning Classification of the site is General Commercial (GC). The GC Zone is intended for general commercial activities and services of more intensive nature. These uses would be located primarily along major transportation routes and would include major shopping facilities, major service-oriented uses, and major financial and corporate headquarters which are designed to serve the City or the region as a whole. The proposed hotel project is consistent with the intent of the GC Zone as it is a major service-oriented use (hotel), located along a major transportation route (Mission Gorge Road) and is designed to serve the City or region as a whole (122 guestrooms).

The proposed hotel is consistent with the zoning regulations of the General Commercial Zone. Although the standard height limit for the General Commercial Zone is 40 feet, Section 13.12.040.A allows a project to exceed this height with a Conditional Use Permit. The proposed hotel would measure 49 feet to its highest point and the Conditional Use Permit application for the project includes a request to exceed the 40-foot height limit of the General Commercial Zone. The project meets all other zoning standards, including setbacks and parking. The proposed building would have a 47-foot setback from Mission Gorge Road, a 100-foot setback from the rear property line, a 100-foot setback from the western property line, and an 84.5-foot setback from the eastern property line. General Commercial zoning regulations require a 10-foot building setback from the right-of-way, a 20-foot rear property line setback, and 5-foot side yard setbacks. The proposed parking lot provides a 47-foot setback from Mission Gorge Road, a 15-foot setback from the rear property line, and 5-foot side yard setbacks. Zoning regulations require the proposed parking lot to conserve a 10-foot setback from Mission Gorge Road, a 10-foot rear yard setback, and 5-foot side yard setbacks. A total of 127 parking spaces will be provided, where 126 parking spaces are required. Landscaping will be provided within these setback areas as required by the Zoning Ordinance.

Criterion Section 15332(b): Project Location, Size, and Context

Yes	No	
☑	☐	The proposed development occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses

The project site is located within the incorporated limits of the City of Santee on an approximately 2.05-acre site, and is entirely surrounded by parcels developed with urban land uses and paved public streets. Therefore, the project is consistent with the Section 15332(b).

Criterion Section 15332(c): Endangered, Rare, or Threatened Species

Yes	No	
☑	☐	The project site has no value as habitat for endangered, rare or threatened species.

Reconnaissance-level biological surveys were conducted on December 19, 2018

and July 16, 2019 by ESA (see Appendix B). The December 19, 2018 survey was performed to document potential biological resource constraints to development of the Property. A follow-up site visit was conducted on July 16, 2019 to determine the presence of special-status rare plant species. The surveys determined that the Property is dominated by disturbed habitat, which is composed of both non-native and native, ornamental, and weedy plant species not being maintained or irrigated. No special-status plant or animal species were observed at the project site during the reconnaissance surveys. As such the project site has no value as habitat for endangered, rare or threatened species.

Criterion Section 15332(d): Traffic, Noise, Air Quality, or Water Quality

Yes	No	
☑	☐	Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

The analysis below describes the project effects for the resource topics in this criterion, organized as follows: traffic, noise, air quality, and water quality.

Traffic

A Transportation Impact Analysis (TIA) was prepared by LLG Engineers for the proposed project (see Appendix C). According to the project-specific Transportation Impact Analysis, using the San Diego Association of Governments (SANDAG) guide to vehicle trip generation rates, a hotel land use is estimated to generate 10 trips per guest room. Therefore, the addition of a 122-room hotel would generate 1,220 average daily trips (ADT). Vehicles would access the project site from an existing driveway on Mission Gorge Road. Mission Gorge Road is a four-lane divided roadway west of SR 125 and a six-lane divided roadway east of the SR 52 west bound on-ramp. It is classified as a 4-Lane Major Arterial between Mesa Road and SR 52 and as a 6-Lane Major Arterial between SR 125 and Fanita Drive.

According to the Transportation Impact Analysis, all study area intersections and segments are calculated to currently operate at an acceptable level of service (LOS) of A through D. Mission Gorge Road from Mesa Road to SR 125 currently operates at LOS B with 17,000 ADT with a capacity of up to 40,000 ADT before LOS E is triggered. In addition, Mission Gorge Road from Mesa Road to Fanita Drive currently operates at LOS C with 45,400 ADT (capacity of up to 60,000 ADT), and Fanita Drive from SR 52 Ramps to Mission Gorge Road operates at LOS B with 18,990 ADT (capacity of 40,000 ADT). Thus, all roadways and intersections in the surrounding area operate at an existing acceptable LOS with remaining capacity. The Transportation Impact Analysis includes a discussion of the intersection and street segment operations for the existing plus project scenario, existing plus cumulative projects, and existing plus project plus cumulative projects scenarios. With the addition of the proposed project's 1,220 ADT, all intersections and street segments would continue to operate at LOS D or better. The proposed project would not result in significant impacts to roadway segments or intersections. Therefore, approval of the project would not result in any significant effects relating to traffic.

Noise

The noise sources on the project site after completion of construction are anticipated to be those that would be typical of any hotel development, such as, vehicles arriving and leaving; heating, ventilation, and air conditioning (HVAC) equipment; and operation of landscape maintenance equipment. The proposed hotel uses would be similar to other existing uses in the project area. Construction-related noises would be required to meet City noise standards as set forth in Chapter 5.04 of the Santee Municipal Code with standard conditions of approval (Standard Project Condition No. 4, detailed above). In addition, the project design, which includes a 6-foot solid wall along the perimeter of the site (excepting the frontage) would help lessen long-term noise impacts to adjoining property owners from on-site vehicles and hotel operations. As such, approval of the project would not result in any significant effects relating to noise.

Air Quality

The San Diego Air Basin (SDAB) is classified as attainment of National Ambient Air Quality Standards (NAAQS) or California Ambient Air Quality Standards (CAAQS) for all criterion pollutants except ozone, particulate matter less than 10 microns (PM10), and particulate matter less than 2.5 microns (PM2.5). However, PM2.5 is in attainment for the state standard, but not the federal standard. Ozone is not emitted directly but is a result of atmospheric activity on ozone precursors of nitrogen oxide (NO_X) and volatile organic compounds (VOC), which react, in the presence of sunlight, to produce ozone.

Air pollutant emissions resulting from implementation of the project would be primarily due to construction, and traffic associated with daily operation of the project. Construction-related pollutants result from fugitive dust raised during demolition and grading, emissions from construction vehicles, and chemicals used during construction. Operational emissions include mobile source emissions originating from traffic generated by the project, and area source emissions resulting from activities such as the use of natural gas and consumer products. In addition, landscaping maintenance activities associated with the proposed project would produce pollutant emissions.

The San Diego Air Pollution Control District (SDAPCD), which regulates air pollutant emissions in the SDAB, does not provide specific numeric thresholds for project air pollutant emissions for determining the significance of air quality impacts under California Environmental Quality Act (CEQA). However, SDAPCD does specify Air Quality Impact Analysis trigger levels for new or modified stationary sources (SDAPCD Rules 20.2 and 20.3). For comparative purposes, these levels are used to evaluate emissions due to the project.

Emissions due to construction and operation of the project were calculated using the California Emissions Estimator Model (CalEEMod). CalEEMod parameters for heavy construction equipment use are based on surveys of similar development projects. Common accessory work such as water/sewer laterals and storm-drain

pipes are accounted for in modeling parameters. The emissions associated with project construction and operation are compared to SDAPCD's trigger levels in **Table AQ 1**, Construction Emissions and **Table AQ 2**, Operational Emissions, respectively.

TABLE AQ 1
ESTIMATED MAXIMUM UNMITIGATED REGIONAL CONSTRUCTION EMISSIONS (POUNDS PER DAY)

Source	VOC	NO_X	CO	SO_2	PM10	PM2.5
Project Maximum Daily Construction	58	46	23	<1	21	12
SDAPCD Significant Emissions Thresholds	250	250	550	250	100	67
Exceeds Thresholds?	**No**	**No**	**No**	**No**	**No**	**No**

VOC = Volatile Organic Compounds; NOx = nitrogen oxide; CO = carbon monoxide; SO2 = sulfur dioxide; PM10 = particulate matter less than 10 microns; PM2.5 = particulate matter less than 2.5 microns.

SOURCE: ESA, 2019. CalEEMod Output. Appendix A

TABLE AQ 2
ESTIMATED MAXIMUM UNMITIGATED REGIONAL OPERATIONAL EMISSIONS (POUNDS PER DAY) [a]

Source	VOC	NO_X	CO	SO_2	PM10	PM2.5
Project Operation						
Area Sources	1.4	<1	<1	<1	<1	<1
Energy Sources	<1	<1	<1	<1	<1	<1
Mobile Sources	2.0	7.8	20.1	<1	5.0	1.4
Project Maximum Daily Emissions (at Buildout)	**3.4**	**8.6**	**20.8**	**0.1**	**5.0**	**1.4**
SDAPCD Significant Emissions Thresholds	250	250	550	250	100	67
Exceeds Thresholds?	**No**	**No**	**No**	**No**	**No**	**No**

[a] Totals may not add up exactly due to rounding in the modeling calculations.
VOC = Volatile Organic Compounds; NOx = nitrogen oxide; CO = carbon monoxide; SO2 = sulfur dioxide; PM10 = particulate matter less than 10 microns; PM2.5 = particulate matter less than 2.5 microns.

SOURCE: ESA, 2019. CalEEMod Output. Appendix A

Project operation vehicle trip lengths were conservatively based on CalEEMod defaults of 7.3 miles (home to shopping, commercial to customer, home to other, and commercial to non-work) and 9.5 miles (home to work or commercial to work), which are greater (more conservative) than the average regional trip length of 5.8 miles, as identified by the San Diego Association of Governments (SANDAG; 2014) and result in higher more conservative emission estimates. The details of the calculations are provided in Attachment 1. As shown, project construction and operational emissions would be less than the applicable thresholds for all criteria pollutants.

As shown in Tables AQ 1 and AQ 2 above, emissions of ozone precursors (VOC and NO_X), PM10, and PM2.5 from construction and operation would be below the applicable thresholds, SDAPCD trigger levels. Therefore, the project would not generate emissions in quantities that would result in an exceedance of the NAAQS or CAAQS for ozone, PM10, or PM2.5, and impacts would be less than significant.

In addition, the project, would be required, as for other projects in the SDAB, to comply with SDAPCD Rules and Regulations, such as watering during grading activities, preventing "track out" onto streets, and limitations on idling time. Specific rules applicable to the project and other construction sites in the air basin include the following: Rule 50 (Visible Emissions), Rule 51 (nuisance), Rule 52 (particulate matter), Rule 54 (dust and fumes), Rule 55 (Fugitive Dust Control), and Rule 67 (architectural coatings), all of which will be adhered to as required by SDAPCD. SDAPCD Rules 55 and 67 require construction to include watering the site to control dust and limiting interior paints to 150 milligrams per liter of VOCs; however, the project's unmitigated modeled emissions were less than thresholds. If the requirements of Rules 55 and 67 were implemented into the project CalEEMod analysis, the emissions would be even lower. Compliance with these standards would ensure that cumulative air quality impacts would be reduced to less than significant.

Compliance with applicable regulations (incorporated into the project as Standard Project Condition No. 1) discussed above would ensure that the project would not cause or result in a cumulatively considerable net increase of any criterion pollutant or increase the frequency or severity of any existing non-attainment status. As a result, the project would not violate any air quality standard or contribute substantially to an existing or projected air quality violation, and impacts would be less than significant. Therefore, approval of the project would not result in any significant effects relating to air quality.

Water Quality

Development of the proposed project would alter the existing drainage flow at the project site. The project site is over one acre, and therefore a project-specific SWPPP would be required to be prepared and implemented. The SWPPP would addresses erosion and sediment controls, pollution prevention standards, and requirements for inspections and corrective actions with the intended purpose of preventing discharges of pollutants into receiving waters during construction. The SWPPP would require implementation of BMPs during construction and post-construction in compliance with the City's Standard Urban Storm Water Mitigation Plan. Typical grading and construction BMPs are anticipated to include silt fencing, gravel bag barriers, street sweeping, solid waste management, stabilized construction entrance/exits, water conservation practices, and spill prevention and control. With implementation of SWPPP BMPs, the proposed project would be required to comply with the drainage and water quality regulations in place at the time of construction, and construction impacts related to water quality standards would be less than significant.

Operation of the proposed project would include hotel uses and associated parking, which could include oils leaking from vehicles, trash, fertilizers, and other pollutants that could degrade water quality at the project site. However, the proposed project would include the installation of a storm drainage system, a catchment channel and basin, a biofiltration basin, and landscaping improvements throughout the project site to collect and treat runoff from the project site. In addition, the SWPPP would include operational post-development BMPs that would be required to be integrated

on-site. Thus, operational impacts associated with water quality standards would be less than significant and approval of the project would not result in any significant effects relating to water quality.

Criterion Section 15332(e): Utilities and Public Services

Yes	No	
☑	☐	The site can be adequately served by all required utilities and public services.

On-site utilities would include storm drainage, electricity, gas, domestic water, and wastewater. All on-site utilities would be designed in accordance with applicable codes and current engineering practices. The required utilities can be adequately serviced by utility providers. The Padre Dam Municipal Water District (MWD) has indicated in the Public Facility Availability Forms dated January 23, 2019 that facilities for water and sewer are available to serve the proposed project. Water and sewer lines along with stormwater drains would connect to existing infrastructure within Mission Gorge Road. Electricity and natural gas would be provided by San Diego Gas and Electric. The extensions of facilities would occur within the adjacent existing roadway. After completion of construction, the roadway would be restored to its existing condition. The proposed project would result in a less than significant impact related to the expansion of water, wastewater, electric power, natural gas, or telecommunication facilities. Therefore, the site can be adequately served by all required utilities and public services.

IX. EXCEPTIONS TO CATEGORICAL EXEMPTIONS

Under the Class 32 Categorical Exemption Overview, even if a project is ordinarily exempt under any of the potential categorical exemptions, CEQA Guidelines Section 15300.2 provides specific instances where exceptions to otherwise applicable exemptions apply. The following section addresses whether any of the exceptions to the CEQA exemption apply to the project, consistent with CEQA Guidelines Section 15300.2.

Criterion 15300.2(a): Location

Yes	No	
☐	☑	Is there an exception to the exemption for the project due to its location in a particularly sensitive environment, such that the project may impact an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies?

This exception applies only to CEQA exemptions under Classes 3, 4, 5, 6 or 11. Since the project qualifies as a Class 32 urban infill exemption, this criterion is not applicable and is provided here for information purposes only. There are no environmental resources of hazardous or critical concern that are designated, precisely mapped or officially adopted in the vicinity of the project site, or that could be adversely affected by the project. Therefore, exception under CEQA Guidelines Section 15300.2(a) does not apply to the project.

Criterion 15300.2(b): Cumulative Impact

Yes	No	
☐	☑	Is there an exception to the exemption for the project due to significant cumulative impacts of successive projects of the same type and in the same place, over time?

As demonstrated under Criterion Section 15332(a), General Plan and Zoning Consistency, the project is consistent with the development density allowed under the General Plan and zoning for the site. Successive projects of the same type (hotels) and in the same place are unlikely to occur over time after the proposed hotel is constructed. Therefore, the exception under CEQA Guidelines Section 15300.2(b) does not apply to the project.

Criterion 15300.2(c): Significant Effect

Yes	No	
☐	☑	Is there an exception to the exemption for the project because there is a reasonable possibility that the project will have a significant effect on the environment due to unusual circumstances?

There are no known unusual circumstances applicable to the project or its site that may result in a significant effect on the environment. Greenhouse Gas Emissions from the proposed project were assessed as a possible unusual circumstance due to global climate change. GHG emissions associated with development of the proposed project would occur over the short-term from construction activities, consisting primarily of emissions from equipment exhaust and worker and vendor trips. There would also be long- term operational emissions associated with vehicular traffic within the project vicinity, energy and water usage, and solid waste disposal.

The San Diego Air Pollution Control District (SDAPCD) has not yet formally adopted specific thresholds of significance with regard to GHG emissions, SDAPCD has formed a committee to discuss a range of environmental sustainability activities, projects, and policies for consideration. Other lead agencies throughout the state have adopted or recommend mass emission thresholds for evaluating construction and operational GHG emissions.

The California Air Pollution Control Officers Association (CAPCOA) developed a screening level of 900 MTCO2e in their CEQA & Climate Change paper (CAPCOA 2008) as a theoretical basis for screening-out smaller residential and non-residential (commercial, office) uses that emit low-levels of GHG emissions from further analysis. This 900 MTCO2e screening level is based on land-use related emission sources (e.g., on-road passenger vehicles, electricity and utility consumption) that are similar to hotel-related emissions and is the lowest numerical threshold recommended for use by any large jurisdiction in the state1 (AEP 2016). Accordingly, the 900 MTCO2e threshold is applicable to the proposed project and meets the criteria identified in the Newhall Ranch court decision needed to analyze project-level GHG emissions (e.g., project-specific emission sources). It should also be noted that the 900 MTCO2e is among the most conservative proposed or used

by any agency in California. For example, the South Coast Air Quality Management District is currently utilizing an annual threshold of 3,000 MTCO2e for residential projects of which they are the Lead Agency.[1]

In addition to criteria pollutant emissions, project construction activities would also generate GHG emissions, as a result of off-road diesel equipment exhaust and emissions from employee, material delivery, and haul truck travel. The primary GHG emissions would occur as carbon dioxide (CO2) from gasoline and diesel combustion, with more limited vehicle tailpipe emissions of nitrous oxide (N2O) and methane (CH4), as well as, other GHG emissions related to vehicle cooling systems. Construction-related GHG emissions for the proposed project were estimated using CalEEMod, version 2013.2.2., using the same assumptions presented in the air quality pollutant emissions analysis above (see Appendix A). Total estimated construction-related GHG emissions are shown in **Table GHG 1**.

GHG emissions resulting from implementation of the proposed project would be primarily due to construction and traffic associated with daily operation of the project. Construction-related pollutant emissions would result from fugitive dust raised during demolition and grading, emissions from construction vehicles, and chemicals used during construction. Operational emissions include mobile source emissions originating from traffic generated by the project, and area and energy source emissions resulting from activities such as the use of natural gas and consumer products.

TABLE GHG 1
ANNUAL CONSTRUCTION GREENHOUSE GAS EMISSIONS

Emission Source	CO_2e (Metric Tons) [a]
Total Project Construction Emissions	**299**
Annual Construction Emissions (Amortized over 30 years)	**10.0**

SOURCE: ESA, 2019. CalEEMod Output. Appendix A.

The sum of project-related GHG construction emissions were amortized over a 30-year period, to be added to annual operational emissions of this project. Project operation would generate GHG emissions, with the large majority associated with vehicle trips. Operations emissions were calculated in CalEEMod based on the number of hotel rooms and occupancy, which assumed 100% occupancy for the maximum daily GHG emission rates. However, 100% daily occupancy year-round is not realistic for an annualized estimate of GHG emissions. Hotel occupancy rate is a key performance indicator in the hotel industry. The monthly occupancy trends in the U.S. are quite simple to spot. For example, the summer months (June to August) annually show a high occupancy rate. Summer is typically high season for hotels due to factors like good weather, longer days and school holidays. Winter occupancy rates reflect the low season, typically year-on-year the occupancy begins to decrease around October and spike around June. The occupancy rate of hotels in the United States was 55.7% as of February 2019 (Statista 2019). This more realistic annual occupancy rate was applied to CalEEMod. The annualized

[1] South Coast Air Quality Management District, Minutes for the GHG CEQA Significance Threshold Stakeholder Working Group #15, September 28, 2010. http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-(ghg)-ceqa-significancethresholds/year-2008-2009/ghg-meeting-15/ghg-meeting-15-minutes.pdf?sfvrsn=2).

GHG emissions for the proposed project (including project construction emissions amortized over 30 years) are shown in **Table GHG 2**.

TABLE GHG 2
ANNUAL PROJECT GREENHOUSE GAS EMISSIONS

Emissions Source	CO_2e (Metric Ton per Year) [a]
CalEEMod-Generated Operational Emissions	1,497
Annualized Project Operational Emissions	**834**
Annual Project Construction (Amortized)	10.0
Total Annual Project GHG Emissions	**844**
Significance Threshold	900
Over/(Under)	(56)
Exceeds Threshold?	**No**

[a] Totals may not add up exactly due to rounding in the modeling calculations

SOURCE: ESA, 2019. CalEEMod Output. Appendix A

The estimated net annual project-related GHG emissions (i.e., amortized construction, plus operations) were calculated to be approximately 844 MTCO2e, which would not exceed the 900 MTCO2e per year threshold, described above. Therefore, the proposed project would not generate GHG emissions, either directly or indirectly, that may have a significant impact on the environment. This impact is considered less than significant. Therefore, an exception to the exemption under CEQA Guidelines Section 15300.2(c) does not apply to the Project.

Criterion 15300.2(d): Scenic Highway

Yes	No	
☐	☑	Is there an exception to the exemption for the project because project may result in damage to scenic resources including but not limited to, trees, historic buildings, rock outcroppings or similar resources, within a highway officially designated as a state scenic highway?

According to the California Department of Transportation (Caltrans), the nearest Officially Designated (OD) State Scenic Highway is SR 52 from near Santo Road to near Mast Boulevard, which is approximately 1.5 miles northwest of the project site. Due to distance, topography, and obstructions (tree canopies, radio towers) the project site would not be visible from this officially designated state scenic highway. SR 52, located approximately 350 feet north of the project site, has been designated by Caltrans as eligible, but it has not been officially designated. The project site would be visible from both the highway and the off-ramp. Although the proposed project would change the view from the highway from an undeveloped parcel of land to a four-story hotel, the proposed project would not degrade views or damage scenic resources including to trees, rock outcroppings, or historic buildings because none of these features are present on the site. The City's General Plan lists Mission Gorge Road as a local scenic road due to its prominence and role in establishing an image for the City of Santee. According to the General Plan, existing architectural elements along Mission Gorge Road form the basis for the creation of architectural themes for various segments of the street. In 1987, City Council adopted the Mission Gorge Road Design Standards to guide development and redevelopment along this road. The proposed project would be designed in accordance with these design standards. The proposed project would include earth

toned color palettes and landscaping, consistent with surrounding development to the east and west of the project site. Therefore, the proposed project would not result in damage to scenic resources including but not limited to, trees, historic buildings, rock outcroppings or similar resources, within a highway officially designated as a state scenic highway. Therefore, an exception to the exemption under CEQA Guidelines Section 15300.2(d) does not apply to the Project.

Criterion 15300.2(e): Hazardous Waste Sites

Yes	No	
☐	☑	Is there an exception to the exemption for the project because the project is located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code?

The provisions of Government Code Section 65962.5 are commonly referred to as the "Cortese List." The provisions require the Department of Toxic Substance Control (DTSC), the SWRCB, the California Department of Public Health (DPH), and the California Department of Resources Recycling and Recovery (CalRecycle) to submit information pertaining to sites associated with solid waste disposal, hazardous waste disposal, leaking underground tank sites, and/or hazardous materials releases to the Secretary of California Environmental Protection Agency (Cal/EPA). The Project site is not identified on any lists compiled pursuant to Section 65962.5 of the Government Code; Therefore, an exception to the exemption under CEQA Guidelines Section 15300.2(e) does not apply to the Project.

Criterion 15300.2(f): Historical Resources

Yes	No	
☐	☑	Is there an exception to the exemption for the project because the project may cause a substantial adverse change in the significance of a historical resource?

A Cultural Resources Assessment Report was prepared for the proposed project. No cultural resources were identified within the project site through both a records search and a pedestrian survey. The project site has never been developed based on the historic map and aerial photo and the potential for historical period archeological resources is considered low. Therefore, an exception to the exemption under CEQA Guidelines Section 15300.2(f) does not apply to the Project.

The appendices referenced in this CEQA Exemption Analysis may be downloaded at the following website link:

http://cityofsanteeca.gov/services/project-environmental-review

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE September 18, 2019 **AGENDA ITEM NO.**

ITEM TITLE **COMMUNITY CHOICE AGGREGATION WORKSHOP AND REVIEW OF GOVERNANCE OPTIONS**

DIRECTOR/DEPARTMENT Kathy Valverde, Assistant to the City Manager KV

SUMMARY This workshop will provide another opportunity to review and discuss Community Choice Aggregation (CCA), which is a program that allows local governments to procure power on behalf of their residents and businesses from alternative energy suppliers while still receiving transmission and distribution service from the existing utility provider.

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"). 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 for financial analysis purposes. At that time, Council raised numerous questions and asked staff to bring back additional information. On August 28, a second workshop was held to provide information on the topics raised at the previous meeting and to further review the different governance models the City could pursue if it chooses to move forward in forming a CCA.

This item provides information on the topics raised at the last meeting and presents for City Council consideration, a review of three specific governance options: 1) Santee Enterprise CCA; 2) Partner JPA with Carlsbad; and 3) Regional JPA with San Diego.

FINANCIAL STATEMENT No fiscal impact with this item at this time. Forming a CCA will have fiscal impacts in the future. HR for TM

CITY ATTORNEY REVIEW ☐ N/A ☑ Completed

RECOMMENDATION MDB

1. Provide direction to staff to:
   a. Form an Enterprise CCA; or
   b. Establish a partner JPA with the City of Carlsbad and other potential partners; or
   c. Join the Regional JPA with the City of San Diego; or
   d. Do nothing at this time.
2. Direct staff to bring back the necessary documents, including an Ordinance and Joint Powers Agreement, for implementation of the selected CCA governance structure, if any.

ATTACHMENTS
Staff Report
Draft Community Choice Aggregation Technical Feasibility Study

STAFF REPORT
Community Choice Aggregation
September 18, 2019

Background

Community Choice Aggregation ("CCA") is a program that allows local governments to procure power on behalf of their residents and businesses from alternative energy suppliers while still receiving transmission and distribution service from the existing utility provider. Potential benefits of a CCA include more local control over electricity rates and sources, such as renewable energy; increased customer choice; and help in achieving state-mandated climate action goals. Potential risks of forming a CCA include: division of customers who choose to stay with the CCA or opt out; unexpected regulatory changes; and changes in energy market prices which can impact rates.

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 CCA Feasibility Study by EES Consulting, Inc. ("EES"). On July 24, 2019 EES presented its findings of the draft Feasibility 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. Although the study focused on a three-city partnership with Chula Vista, La Mesa and Santee for financial analysis purposes, we can generally expect to see similar results, meaning better rate savings, more net revenue, and economies of scale if Santee partners with other jurisdictions.

On August 28, 2019, staff provided additional information on the topics raised by City Council at the July 24 meeting. Staff also provided more background 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.

The items below provide information on the topics raised by City Council at the August 28 meeting, and provide a comparison of three specific governance options as requested by Council: 1) a Santee Enterprise CCA; 2) a Partner JPA with Carlsbad and other possible partners; and 3) a Regional JPA with San Diego.

Overview of CCA Governance Models – Enterprise vs. JPA

An **Enterprise CCA** model is essentially a stand-alone program where the City Council sits as the decision-making authority. If Santee chooses this option, the City would form the municipal 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 would be directed to the enterprise fund for energy-related programs and projects that directly benefit Santee 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 lower ratepayer cost

savings, and the sole responsibility for start-up costs and staffing. Stand-alone CCAs include San Francisco, San Jose, Solana Beach and the Kings River Conservation District.

Alternatively, state law allows a group of cities and counties to form a CCA through a **joint powers authority (JPA)**. The JPA is a separate legal entity governed by a board of directors who represent the member agencies. Historically, JPAs were created to issue large debt to construct or finance projects, to provide regional services, or to provide services that have significant liability, such as wastewater. 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. In this model, the JPA Board would set customer rates and offer 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 three-member JPAs to 33-member JPAs.

Comparison of CCA Options for Santee

Below is a comparison of three CCA governance options, as requested by the City Council at the last workshop:

1. Santee Enterprise CCA
2. Partner JPA with Carlsbad
   (assumes a Santee partnership with Carlsbad, Del Mar, and the County of San Diego)
3. Regional JPA with San Diego
   (assumes a Santee partnership with San Diego, Chula Vista, La Mesa and Encinitas)

The information provides a financial summary of each option, a comparison of key terms, and the pros and cons of each CCA option.

FINANCIAL ANALYSIS COMPARISON OF CCA OPTIONS			
	Santee Enterprise	**Partner JPA with Carlsbad[1]**	**Regional JPA with San Diego [2]**
Power Supply Parameters	50% Renewable at Launch 100% Renewable by 2035	50% Renewable at Launch 100% Renewable by 2035	50% Renewable at Launch 100% Renewable by 2035
Number of Accounts	22,800	262,400	695,000
Annual Load Served (GWh) (2019 data)	190,000	2,900,000	7,370,000
Santee's % of Total Load	100%	6.6%	2.6%
Pre-Launch / Start-up Costs	$300 - $500K	$600 - $800K	$5 million
Start-up & Working Capital (financed)	$3 million	$13 million	$105 million
Start-up Loan Term / Payback	5 years	5 years	5 years
Estimated Rate Discount	1%	2%	2%
Gross Revenues (in 2022)	$14.7 million	$196.3 million	$423.3 million [3]
10 Year Average Annual Gross Revenues	$17.4 million	$230.5 million	$629.6 million [3]
Operating Costs (in 2022)	$15.2 million	$175 million	$400 million [3]
10 Year Average Annual Operating Costs	$17.1 million	$205.1 million	$470 million [3]
Annual Net Income (after 5-yr pay back of start-up loan)	$880,000	$28.9 million	unknown [3]
10 Year Average Annual Net Income	$440,000	$25.4 million	unknown [3]
Estimated No. of Staff (employees and/or consultants)	4	10	20

(1) Assumes partnership with Carlsbad, Del Mar and the County of San Diego
(2) Assumes partnership with San Diego, Chula Vista, La Mesa, Encinitas
(3) Data for San Diego only

Financial Summary – Santee Enterprise CCA

Santee would need a loan of approximately $3 million to start an Enterprise CCA. The CCA's ten-year average annual operating costs would be approximately $17.1 million and ten-year average revenues would be $17.4 million, with an average annual net income of $440,000. It is projected that the start-up loan would be paid off in five years, after which the CCA could expect to see approximately $880,000 in annual net revenues.

Although the City of Santee as an enterprise CCA would implement a stand-alone program, there may be opportunities to buy power through a pool, such as with other Enterprise CCAs or with JPA CCAs, through joint solicitations. A turn-key power portfolio manager could also purchase power for the Enterprise CCA via a pool with other load serving clients. This pooled purchase would most likely lower the cost of energy, and in turn, lower the annual operating costs.

Financial Summary – Partner JPA with Carlsbad

The financial information for a Partner JPA with Carlsbad assumes a partnership with the City of Carlsbad, the City of Del Mar, and the County of San Diego. In this scenario, the County's load significantly increases the size of the CCA's operating parameters compared to the Enterprise model. The JPA start-up loan would be approximately $13 million and Santee would share equally in the total cost with other member agencies. In this instance, assuming the cities of Carlsbad, Del Mar and Santee, and the County of San Diego would kick off the JPA, Santee's share of the start-up and working capital loan would be $325,000. Under this JPA, revenues are positive from year one, even as the start-up loan debt service is being paid off in the first five years.

The City of Del Mar recently voted to join the Partner JPA with Carlsbad, and the City of Solana Beach has expressed interest in joining either the Partner JPA with Carlsbad or the Regional JPA with San Diego. The data for these cities was not included in this scenario but their share of the total load is small and would not significantly impact the figures.

It should be noted that the City of Solana Beach has an Enterprise CCA, known as Solana Energy Alliance (SEA), which began operations in 2018. The SEA currently has consultants under contract for program administration, legal services, power portfolio & scheduling coordinator services, and data management (billing). These contracts have an aggregate annual value of $3 to $5 million, and the largest contracts expire at the end of 2022. These contractual obligations are solely those of Solana Beach and would not be obligations of the JPA or any member agency unless the JPA voted to assume the contracts. If Solana Beach joined the JPA, there would be two options: to either assume the existing contracts and consultant relationships if they are cost effective; or Solana Beach could allow its contracts to run out and join the JPA at that time.

Financial Summary – Regional JPA with San Diego

A high-level financial assessment for the Regional JPA with San Diego was completed based on the data available. However, more information is needed to validate the figures. While overall costs are higher, the tentative analysis indicates that the San Diego JPA provides some administrative cost savings through economies of scale over the Enterprise option. There is also a potential to achieve better rate savings for customers under the Regional JPA with San Diego. However, there is no significant power supply cost savings over the Partner JPA with Carlsbad. Overall net revenues, or net income, could not be determined from San Diego's public pro forma statement, which is included in San Diego's Business Plan for the formation of a Community Choice Aggregation, prepared in October 2018.

Pro-Forma Analysis

A detailed 10-year pro forma statement is provided in Attachment A for each of the three scenarios:

1) City of Santee stand-alone CCA.
2) Partner JPA with the cities of Carlsbad and Santee and the County of San Diego. Del Mar's figures are not included in this pro-forma analysis, however, their share is small and would not significantly impact the figures.
3) City of San Diego CCA. This pro-forma statement is for San Diego only, as it was the only information available to staff. An analysis for San Diego, Chula Vista, La Mesa and Encinitas was not available. With San Diego's size, we believe this still gives a good projection of what could be expected under the Regional JPA with San Diego.

Timeline and Next Steps

Should the City Council choose to join or form a CCA with a launch in 2021, the City must act quickly.

Regional JPA with San Diego – If Council chooses to join the Regional JPA with San Diego, staff would need to return to the City Council on September 25 for adoption (1st reading) of an ordinance, approval of the JPA agreement and selection of a City Council Member and Alternate to serve on the JPA Board of Directors. The 2nd reading of the ordinance would occur on October 9. The JPA board would need to be seated in late October or early November. An Implementation Plan would need to be adopted by the JPA board at a public hearing and filed with the CPUC no later than January 1, 2019, although realistically this would need to occur no later than the third week of December. The JPA board would likely issue RFPs for power portfolio, data manager, marketing and other services between November 2019 and spring of 2020. San Diego has not indicated who would run the JPA in the interim.

Partner JPA with Carlsbad – If Council chooses to join the JPA with Carlsbad, staff would need to return to the City Council on October 9 for adoption (1st reading) of an ordinance, approval of the JPA agreement and selection of a City Council Member and Alternate to serve on the JPA Board of Directors. The 2nd reading of the ordinance would occur on October 23. At that time, the City Council will also need to identify a

funding source for a 2021 launch. The JPA board would need to be seated in late October or early November. An Implementation Plan would need to be adopted by the JPA board at a public hearing and filed with the CPUC no later than January 1, 2019, although realistically this would need to occur no later than the third week of December.

As an alternative, the draft JPA agreement that is currently being circulated provides that members may join the Partner JPA by October 2020 with a majority vote of the JPA board, which allows for a 2022 launch. In this scenario, no immediate action would be needed by the City Council. It should be noted that Carlsbad and Del Mar voted to enter into the JPA together for a 2021 launch, but the County will be voting on October 15 on whether or not it will join the JPA with Carlsbad, or form a CCA at all. In any event, the JPA board would likely issue RFPs for power portfolio, data manager, marketing and other services between November 2019 and spring of 2020.

Enterprise CCA – Although the City would not necessarily be subject to particular timelines (except for the filing of an Implementation Plan which is governed by the CPUC), the timelines above would generally apply to an Enterprise CCA depending on whether Santee wants to launch in 2021 or 2022. The City would need to pass an ordinance, identify a funding source, draft an Implementation Plan and issue RFPs for services. It is anticipated that staff would bring this to Council for review by the end of the calendar year or in early 2020, but launch of the CCA is more likely to occur in 2022 due to the necessary planning efforts.

Upon the filing of the Implementation Plan, the CPUC is required to certify the plan within 90 days of filing. Upon certification, the CCA is officially recognized by the CPUC as a load serving entity, and the CCA must submit a signed service agreement with SDG&E and post a $100,000 bond with the agency. By April, the CCA must file a year ahead resource adequacy forecast projecting its load for the following year, which must be updated again in August. The load forecast will lock in the CCA's resource adequacy procurement obligations that must be procured and satisfied by October of that year. By then, the CCA should have prepared a business plan and financial analysis of targeted launch months when revenues are optimal. The CCA then has certain notices it must provide to customers within 30 and 60 days of providing service to allow those customers the option of opting out. In addition, the CCA must file an Integrated Resource Plan that is a roadmap for how the CCA will comply with state renewable and carbon-free procurement requirements through 2030 as well as RPS procurement and compliance plans demonstrating RPS compliance, among other required filings.

COMPARISON OF CCA TERMS			
	Santee Enterprise	**Partner JPA with Carlsbad**	**Regional JPA with San Diego**
File Implementation Plan with State of California	Dec. 2020 (most probable)	Dec. 2019	Dec. 2019
Launch Date	2022 (most probable)	2021	2021
Power Supply Goals	50% Renewable at Launch 100% Renewable by 2035	50% Renewable at Launch 100% Renewable by 2035 with flexibility for each member to select its own energy portfolio	50% Renewable at Launch 100% Renewable by 2035
Voting & Representation	Local Control City Council sets rates and defines programs	1 Member, 1 Vote JPA Directors must be a member of the governing body	1 Member, 1 Vote plus Weighted Vote JPA Directors must be a member of the governing body but Alternates don't
Membership	N/A	Open to public agencies in the San Diego region for a 2021 or 2022 launch	Open to public agencies in the San Diego region for a 2021 launch
New Members	N/A	New members allowed until Oct 2020 if no undue risk or financial burden; admitted by 2/3 vote after Oct 2020	Admitted by 2/3 vote
Start-up & Working Capital Costs	City of Santee / Enterprise fund obligation	Split equally by member agencies; reimbursed from JPA revenues	Paid by City of San Diego for founding members; reimbursed from JPA revenues
How Discretionary Revenues are Spent (i.e. Energy Programs)	City Council decision	JPA decision with provisions to allow members to direct funds according to their priorities	JPA decision with commitment to invest in communities of concern & those with unique energy needs, such as rebuilding after a wildfire
Withdrawal	N/A	Withdrawal from JPA with 1-year notice (still under consideration)	Withdrawal from JPA with 180 days notice
Eminent Domain	City Council decision	Requires 2/3 vote with an affirmative vote by the home jurisdiction	Requires a 3/4 vote and can exercise outside JPA's territory

PROS & CONS OF CCA OPTIONS		
	Pros	**Cons**
Santee Enterprise	• Local control • No regional governance • Flexible financing	• Slower program roll-out • Limited staff experience, will need to rely heavily on consultants • More likely to launch in 2022 • Start-up costs, must issue debt/obtain loan • Same liability as a JPA but not a separate legal entity • Slower accumulation of revenues and less total revenue than with a JPA
Partner JPA with Carlsbad	• Economies of scale • Separate legal entity • More local control (no weighted vote) • Greater total revenue potential • Potential to implement programs faster • Ability to launch in 2021 or 2022 • Santee's start-up cost most likely less than Enterprise CCA due to sharing of cost • More legislative/lobbying influence	• Less local control than Enterprise • Less total revenue than San Diego JPA • Santee will have to contribute to start-up costs
Regional JPA with San Diego	• Economies of scale • Separate legal entity • San Diego will cover founding members' start-up costs • Greater total revenue • Potential to implement programs faster • Ability to launch in 2021 • More legislative/lobbying influence	• Weighted vote – less local control • Potential to become very large, which can lead to administrative inefficiencies • No direct revenue to Santee, regional priorities will be decided by JPA

Direction of Other Cities in San Diego County

Since the last City Council meeting on this subject, some cities in our region have taken action with regards to Community Choice Aggregation. Below is a summary of the status of each city and the County to date.

- Chula Vista, La Mesa and Encinitas – voted to join the Regional JPA with San Diego
- Carlsbad – directed staff to negotiate with other partner agencies to form their own Community Choice Energy JPA. They are currently in talks with the County of San Diego and the City of Solana Beach. Del Mar voted to join this JPA.
- Del Mar – voted to join the Partner JPA with Carlsbad and other potential partners
- Solana Beach – has expressed interest in joining the Partner JPA with Carlsbad or the Regional JPA with San Diego; this item will come before the Solana Beach City Council on September 16
- County of San Diego – Feasibility study results were presented to the Board of Supervisors on September 10; the Board directed staff to answer specific questions and return with a proposed ordinance to join the JPA with Carlsbad, although it is not clear if the Board will vote to move forward with a CCA; this item will come back before the board for possible action on October 15.
- Oceanside – Feasibility study complete, still reviewing options; waiting for outcome of the north county cities feasibility study (Escondido/San Marcos/Vista)
- Escondido, San Marcos and Vista – Issued RFP for a joint feasibility study
- National City – Has expressed informal interest in joining a JPA
- Imperial Beach – Unknown
- Coronado – Unknown
- Poway – No discussions or actions at this time to form a CCA
- El Cajon – No discussions or actions at this time to form a CCA
- Lemon Grove - No discussions or actions at this time to form a CCA

Other California Cities & Counties – CCA Governance Models

Most cities in California, who operate a CCA, operate under the JPA model, while a smaller number of cities have an enterprise model. Enterprise models include: City/County of San Francisco, San Jose, Solana Beach and King City.

There is only one Enterprise JPA model operating. This model includes the cities of Lancaster, Pico Rivera, Apple Valley and Rancho Mirage operating as Enterprise CCAs under individual city governance, but contracting back to a separate JPA to share consultant costs (power supply, bill data management, regulatory and legal). This organization is expected to add additional cities over the next year

Attachment B outlines the various governance models used across the state.

CCA Financing & Lending Process

Most CCAs need some sort of financial assistance for planning, implementation and initial power procurement, which can come in several forms. Some CCAs have borrowed start-up funds from their General Fund, like Los Angeles County. Others have borrowed funds from a water district or an existing joint powers authority, like Sonoma County/WRCOG.

Certain companies also offer financial assistance for CCAs in the form of a two-year, $500,000 loan plus interest, posting of all required CPUC bonds and financial security requirements, delayed fees by month or phase, letters of credit, credit support, and/or direct access to lenders. Some CCAs have obtained larger loans over a 2 to 5-year period from banks.

Below are some examples of what other CCAs have used to fund start-up costs.

Examples of Financial Assistance to Fund Start-Up Costs

CCA Name	Date	Pre-Launch Funding Requirement	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	2016	~$2 million	Loan from the City of Lancaster General Fund
Peninsula Clean Energy	2016	$10 - $12 million	PCE has obtained a $12 million loan from Barclays and almost $9 million from the County of San Mateo for start-up costs and collateral
Silicon Valley Clean Energy	2017	$2.7 million	$2.7 million loans from County of Santa Clara and member cities. $21 million Line of Credit with $2 million guarantee (subset of total loan from members), 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 Bank

Data Management – Customer Service & Billing

CCA billing, also known as "data management" entails daily electronic communication with the utility provider. 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 typically charged on a per customer basis.

In the San Diego region, the data management provider would work directly with SDG&E, the CCA's bank, and the CCA's power provider on the following activities:

- Manage a list of CCA customers, manage customer opt outs and positive enrollments (opt ins);
- Manage customer consumption data, calculate CCA customer energy charges, send customer charges to utility;
- Manage customer payment information from CCA bank;
- Provide CCA customer service (call center, website, interface with utility);
- Manage actual, aggregated customer consumption information to support power supply contracts transactions.

SDG&E would continue to bill all customers for energy transmission and distribution. Additionally, on the same bill, the customer will receive their CCA energy usage charges. California law requires the CCAs and IOUs to send a "consolidated" bill to the customer, which means that all bills (the SDG&E side of the bill and CCA side of the bill) come in a consolidated, single bill, sent from the utility.

As part of its operating costs, CCAs must account for unpaid bills. The Feasibility Study estimates that approximately 0.2% of revenues are uncollectible and are included in the CCA operating costs or expense budget.

SDG&E would attempt to collect any unpaid bills on behalf of the CCA. If uncollectable, the utility, as the provider of last resort, has the authority to shut off power; the CCA does not. The CPUC sets rules on how shut-off procedures occur, including notifications prior to shut off. The state has not indicated that energy is a basic right that cannot be shut off.

CCAs typically contract out customer service and billing functions. Currently, there are four different companies performing this work for the CCA's operating in California.

Business Incentives / Job Creation

It is difficult to predict where jobs would specifically be created. If the CCA was an all in-house staff, government jobs could be created in Santee. However, the work will flow to wherever the consultant companies are or where the generation assets exist.

Other opportunities exist for a CCA to create jobs and spur economic development: The CCA may develop customer programs using program net revenues, CPUC energy efficiency funding authorized for CCAs, energy projects in member cities, or other

energy funding available to local governments from entities like the CA Energy Commission and regional air quality management districts. CCAs throughout the State have received funding from all of these sources. Implementation of customer programs can cause an increase in jobs for managing these programs and implementing projects (i.e., energy efficiency, electric vehicle charging, solar panels, energy storage, etc.).

CCAs may also spur local hiring through the development of local and regional projects. CCAs can buy power from these smaller projects or they can purchase the projects themselves. Jobs can be created to build and operate projects (solar, wind, battery storage, etc.). CCAs coming into operation also create local, regional jobs – especially under the Enterprise model, either with government jobs or consultants.

CCAs, through their operations, can promote job growth and economic development through business incentives. These incentives can range from offering rate savings under long-term contracts to companies as an enticement to locate or expand business in the area, provision of custom program resources to improve efficiency of existing buildings, rate incentives for the development of large-scale customer installations (electric vehicle, solar, storage).

Solar Growth Impacts

Through 2018 (and beginning when data was tracked in 2000), there have been about 3,500 residential and non-residential solar installations in Santee with over 22,000 accounts. The growth of solar installations has an impact on the amount of power a CCA must purchase for Santee since the load declines as solar installations increase. As part of a CCA Integrated Resource Plan, a required resource forecast that utilities and CCAs must submit to the State, the following are typically investigated to determine future financial viability:

- Load growth (or reduction) of all customers served (the Feasibility Study assumed the mid-point of the State's load growth forecast – or 0.6% load growth over the next 10 years)
- Sources and types of power supply and the terms and conditions of contracting for power supply
- Adoption of technologies like customer solar, improved energy efficiency, and implementation of building codes that make buildings more efficient
- Adoption of technologies that may also increase electric consumption like electric vehicle charging and all electric appliances, impacts of battery storage must also be evaluated
- Other new customer technologies impacting load growth and reduction

While solar growth is an important factor that utilities and CCAs must consider, track and forecast, it is one part of a comprehensive resource plan that is constantly analyzed and updated by CCAs.

State Impacts

There is no way to ensure that the State of California will not take away local authority. To date, however, the state has been generally supportive of CCA formation, and anti-CCA legislation has largely failed to be enacted. The CPUC has slowly asserted more jurisdiction over CCAs through its energy planning processes (e.g., RPS, integrated resource planning), and has been cautious due to rapid CCA growth, energy reliability, and meeting statewide climate change goals. CalCCA is a trade association for legislative and regulatory efforts with an active board and legislative committee monitoring and lobbying on CCA issues.

Availability of Renewables

Current data indicates that there is a surplus of renewables in the state through 2025, with about 32,576 MW available to CCAs. This would help facilitate climate action plan and state carbon goals under SB 100.

Attachment A

City of Santee Pro Forma Statement

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%

Attachment A

Carlsbad, Santee & County Pro Forma Statement

Carlsbad, County & Santee											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues from Operations ($)											
Electric Sales Revenues	$132,276,103	$196,721,029	$200,746,207	$206,494,520	$220,258,359	$226,809,400	$235,099,199	$242,828,159	$250,770,125	$260,505,880	$269,692,175
Less Uncollected Accounts	$264,552	$393,442	$401,492	$412,989	$440,517	$453,619	$470,198	$485,656	$501,540	$521,012	$539,384
Total Revenues	$132,011,550	$196,327,587	$200,344,715	$206,081,531	$219,817,842	$226,355,781	$234,629,001	$242,342,502	$250,268,584	$259,984,868	$269,152,790
Cost of Operations ($)											
Cost of Energy	$110,935,664	$163,240,072	$170,745,863	$177,552,910	$184,456,891	$191,578,740	$198,188,984	$204,427,050	$211,856,532	$219,464,473	$226,709,608
Operating & Administrative											
Billing & Data Management	$2,804,041	$3,897,064	$3,999,650	$4,104,937	$4,212,995	$4,323,898	$4,437,720	$4,554,539	$4,674,432	$4,797,482	$4,923,771
SDG&E Fees	$1,101,274	$672,435	$690,136	$708,303	$726,948	$746,084	$765,724	$785,881	$806,569	$827,801	$849,592
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	$1,391,172	$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	$2,698,586	$2,943,912	$2,943,912	$2,943,912	$2,943,912	$245,326	$0	$0	$0	$0	$0
Total O&A Costs	$9,385,336	$11,313,502	$11,244,489	$11,440,159	$11,742,523	$9,147,109	$9,111,881	$9,327,025	$9,649,339	$9,772,947	$10,003,981
Total Cost	$120,321,000	$174,553,574	$181,990,353	$188,993,069	$196,199,414	$200,725,849	$207,300,865	$213,754,076	$221,505,871	$229,237,420	$236,713,588
Net Income from Operations	$11,690,551	$21,774,013	$18,354,362	$17,088,462	$23,618,428	$25,629,932	$27,328,136	$28,588,427	$28,762,713	$30,747,448	$32,439,202
CCA Cumulative Reserves From Operations	$11,690,551	$33,464,564	$51,818,926	$68,907,388	$92,525,816	$118,155,748	$145,483,884	$174,072,310	$202,835,024	$233,582,472	$266,021,674
Cash from Operations and Financing											
Net Income	$11,690,551	$21,774,013	$18,354,362	$17,088,462	$23,618,428	$25,629,932	$27,328,136	$28,588,427	$28,762,713	$30,747,448	$32,439,202
Cash from Financing	$13,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Available	$24,690,551	$21,774,013	$18,354,362	$17,088,462	$23,618,428	$25,629,932	$27,328,136	$28,588,427	$28,762,713	$30,747,448	$32,439,202
Available For Reserves	$24,690,551	$46,464,564	$64,818,926	$81,907,388	$105,525,816	$131,155,748	$158,483,884	$187,072,310	$215,835,024	$246,582,472	$279,021,674
Reserve Targets	$39,557,589	$57,387,476	$59,832,445	$62,134,708	$64,503,917	$65,992,060	$68,153,709	$70,275,313	$72,823,848	$75,365,727	$77,823,646
Net Income Allocation											
Start-up Funding Payments + Bonds + Colla	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Working Capital Repayment (Remainder)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Programs/Additional Rate Savings	$0	$0	$0	$4,083,742	$23,618,428	$25,629,932	$27,328,136	$28,588,427	$28,762,713	$30,747,448	$32,439,202
Total Reserve Outlays	$0	$0	$0	$4,083,742	$23,618,428	$25,629,932	$27,328,136	$28,588,427	$28,762,713	$30,747,448	$32,439,202
Rate Stabilization Reserve Balance	**$24,690,551**	**$46,464,564**	**$64,818,926**	**$77,823,646**	**$77,823,646**	**$77,823,646**	**$77,823,646**	**$77,823,646**	**$77,823,646**	**$77,823,646**	**$77,823,646**

Attachment A

City of San Diego Pro Forma Statement

City of San Diego CCA Business Plan October 22, 2018

Table 3. Base Pro Forma, 2020-2029

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Expenses										
Cost of Power (including losses)	$381,691,500	$368,556,835	$381,727,848	$393,083,506	$403,505,012	$413,360,627	$427,888,652	$443,262,805	$541,456,341	$634,454,676
O&M/A&G Costs	$16,127,196	$16,125,624	$17,114,854	$17,548,899	$17,985,101	$18,403,161	$18,774,799	$19,139,255	$19,486,989	$19,823,282
Total Expenses	**$397,818,696**	**$384,682,460**	**$398,842,702**	**$410,632,405**	**$421,490,113**	**$431,763,788**	**$446,663,451**	**$462,402,060**	**$560,943,329**	**$654,277,958**
Debt Service	**$0**	**$24,473,736**	**$24,473,736**	**$24,473,736**	**$24,473,736**	**$24,473,736**	**$0**	**$0**	**$0**	**$0**
Total Revenue Requirement	**$397,818,696**	**$409,156,196**	**$423,316,439**	**$435,106,141**	**$445,963,849**	**$456,237,525**	**$446,663,451**	**$462,402,060**	**$560,943,329**	**$654,277,958**
Total Load, MWh	6,388,879	6,371,108	6,433,086	6,436,380	6,440,858	6,434,106	6,408,037	6,371,172	6,333,960	6,291,918
SDG&E CCA Customer Charges, $/MWh (before Reserve Fund Adjustment)										
Average CSD CCA generation	$62.3	$64.2	$65.8	$67.6	$69.2	$70.9	$69.7	$72.6	$88.6	$104.0
SDG&E average exit fees for CCA load	$22.5	$23.8	$22.0	$21.3	$21.4	$21.5	$20.1	$18.8	$13.3	$7.9
Total CCA customer rate	**$84.7**	**$88.0**	**$87.8**	**$88.9**	**$90.7**	**$92.4**	**$89.8**	**$91.4**	**$101.9**	**$111.9**
SDG&E average gen rate for CCA load, $/MWh	**$97.7**	**$96.7**	**$96.9**	**$98.2**	**$102.2**	**$103.8**	**$105.0**	**$105.7**	**$109.3**	**$115.9**
Reserve Fund Adjustment	15%									
Target	$59,672,804	$61,373,429	$63,497,466	$65,265,921	$66,894,577	$68,435,629	$66,999,518	$69,360,309	$84,141,499	$98,141,694
Reserve Fund Adjustment										
Potential Reserve potential	$83,002,156	$55,774,985	$58,648,408	$59,613,189	$74,456,626	$73,690,465	$97,539,442	$90,989,287	$47,467,977	$25,355,753
Potential Reserve additions	$59,672,804	$1,700,625	$2,124,036	$1,768,455	$1,628,656	$1,541,051	$0	$924,680	$14,781,190	$14,000,194
Subtractions from reserve fund	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reserve fund total	**$59,672,804**	**$61,373,429**	**$63,497,466**	**$65,265,921**	**$66,894,577**	**$68,435,629**	**$68,435,629**	**$69,360,309**	**$84,141,499**	**$98,141,694**
CSD CCA Customer Charges, $/MWh (with Reserve Fund Adjustment)										
Rate adjustment from Reserve Fund	$9.3	$0.3	$0.3	$0.3	$0.3	$0.2	$0.0	$0.1	$2.3	$2.2
Average CSD CCA rate	$71.6	$64.5	$66.1	$67.9	$69.5	$71.1	$69.7	$72.7	$90.9	$106.2
SDG&E average exit fees for CCA load	$22.5	$23.8	$22.0	$21.3	$21.4	$21.5	$20.1	$18.8	$13.3	$7.9
Total CCA customer rate	**$94.1**	**$88.2**	**$88.1**	**$89.2**	**$90.9**	**$92.6**	**$89.8**	**$91.5**	**$104.2**	**$114.1**

Debt service

Start-up costs	$5,000,000
working Capital	$98,092,281
Total	$103,092,281
Interest rate	*6%*
term, years	5

Attachment B

CCA Programs Across the State				
Joint Power Authorities (JPA)		**Utility Provider**	**Status**	**Latest Financial Net Position**
Marin Clean Energy	Marin and Napa Counties and cities within, cities in Solano and Contra Costa Counties	PG&E	Launched 2010	$50MM Baa2 Credit Rating
Sonoma Clean Power	Sonoma and Mendocino Counties and cities within	PG&E	Launched 2014	$90 MM
Peninsula Clean Energy	San Mateo County and cities within	PG&E	Launched 2016	$85 MM Baa2 Credit Rating
Silicon Valley Clean Energy	Santa Clara County and cities within (except San Jose)	PG&E	Launched 2017	$78 MM
Pioneer Clean Energy	Placer County and cities within	PG&E	Launched 2018	N/A[2]
Monterey Bay Community Power	Monterey, Santa Cruz and San Benito Counties and cities within, cities of San Luis Obispo and Morro Bay	PG&E	Launched 2018	$40MM
East Bay Community Energy	Alameda County and cities within	PG&E	Launched 2018	N/A
Valley Clean Energy	Yolo County, Cities of Davis and Woodland	PG&E	Launched 2018	$2.5 MM
Redwood Coast Energy Authority	Humboldt County and cities within	PG&E	Launched 2017	$1.1 MM
Clean Power Alliance of Southern CA	Los Angeles and Ventura Counties and cities within	SCE	Launched 2018	($2.6 MM) partial year operation
Enterprise JPA				
Lancaster Clean Energy	City of Lancaster, Member of California Choice Energy Authority (CalChoice)	SCE	Launched in 2015	$2.5 MM
Apple Valley Clean Energy	City of Apple Valley, Member of CalChoice	SCE	Launched 2017	N/A
Pico Rivera Innovative Municipal Energy	City of Pico Rivera, Member of CalChoice	SCE	Launched 2017	0.45 MM
San Jacinto Power	City of San Jacinto, Member of CalChoice	SCE	Launched 2018	N/A
Rancho Mirage Energy Authority	City of Rancho Mirage, Member of CalChoice	SCE	Launched2018	$0.76 MM

Enterprise		Utility Provider	Status	Latest Financial Net Position
San Francisco Clean Energy	City/County of San Francisco (SF Public Utilities Commission)	PG&E	Launched 2017	N/A (part of SFPUC)
San Jose Clean Energy	City of San Jose	PG&E	Launched 2018	($1.1 MM) partial year operation
King City Community Power	City of King City	PG&E	Launched 2018	N/A
Solana Energy Alliance	City of Solana Beach	SDG&E	Launched 2018	$1.2 MM
CCAs in Formation / Under Development				
Desert Community Energy	Coachella Valley Association of Governments cities	SCE	Launching 2019	
Western Community Energy	Western Riverside Council of Governments cities	SCE	Launching 2020	
Hanford Community Choice	City of Hanford (CalChoice)	SCE	Feasibility Study Underway	

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

570 Kirkland Way, Suite 100
Kirkland, Washington 98033

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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.

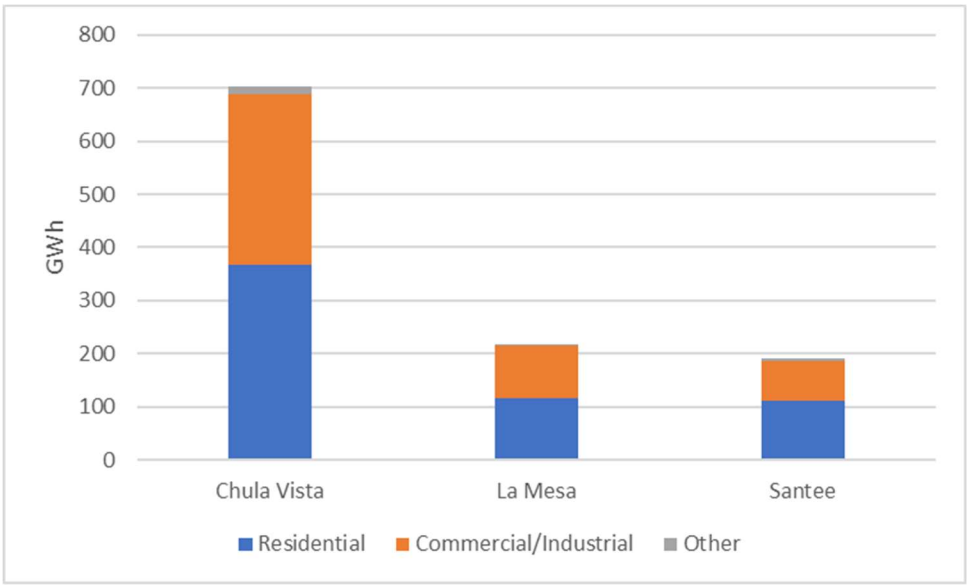
- Regional CCA – Join the City of San Diego-led efforts to form a SDG&E regional CCA through JPA agreements between each jurisdiction
- Other JPA Option – Partner with operational CCA, Solana Energy Alliance

- 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.

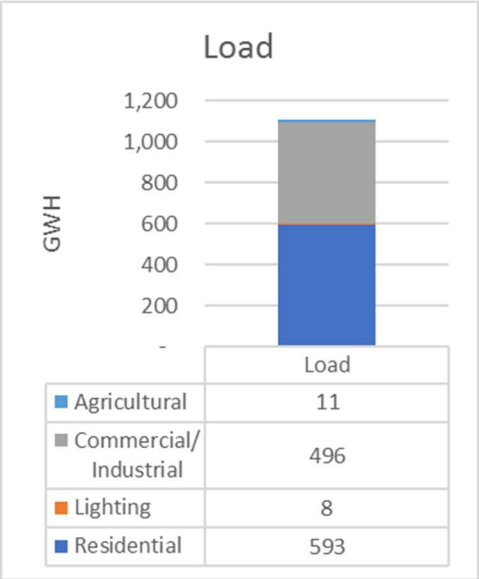
EES aggregated this data by rate class (residential, commercial, agricultural) in each month for bundled customers (full service SDG&E customers, excluding DA customers). In total, bundled residents and businesses within the three cities purchased 1,108 GWh of electricity in 2018 from SDG&E.

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)



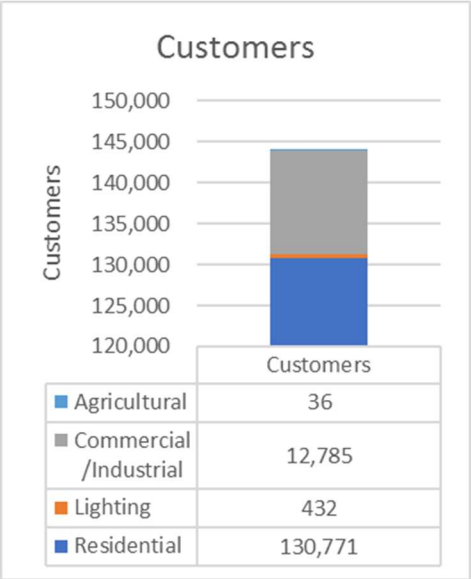
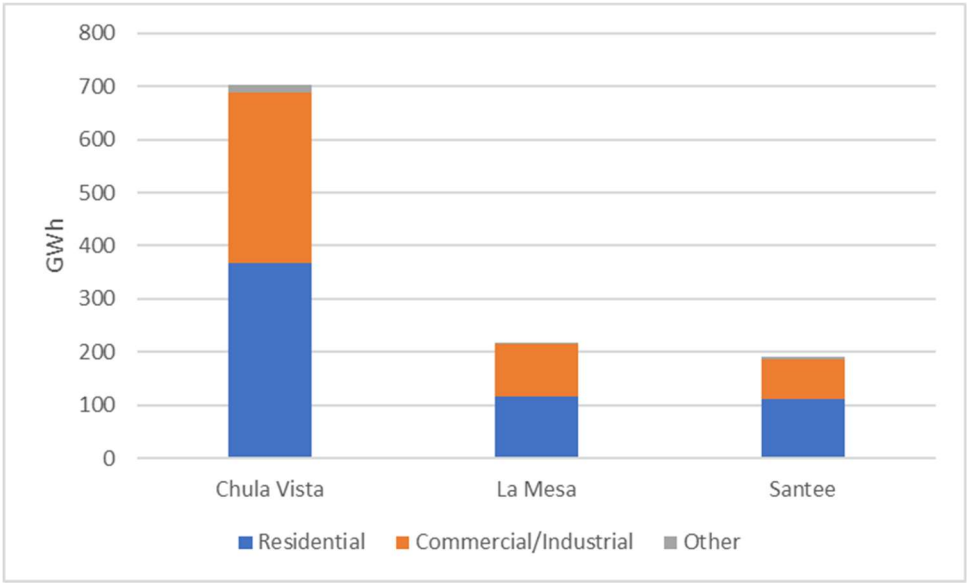


Exhibit 2 shows the aggregate amount of energy consumed in each of the Partner cities in 2018. Chula Vista has the highest consumption while residential and commercial[5] and industrial customers make up the majority of energy use across all cities.

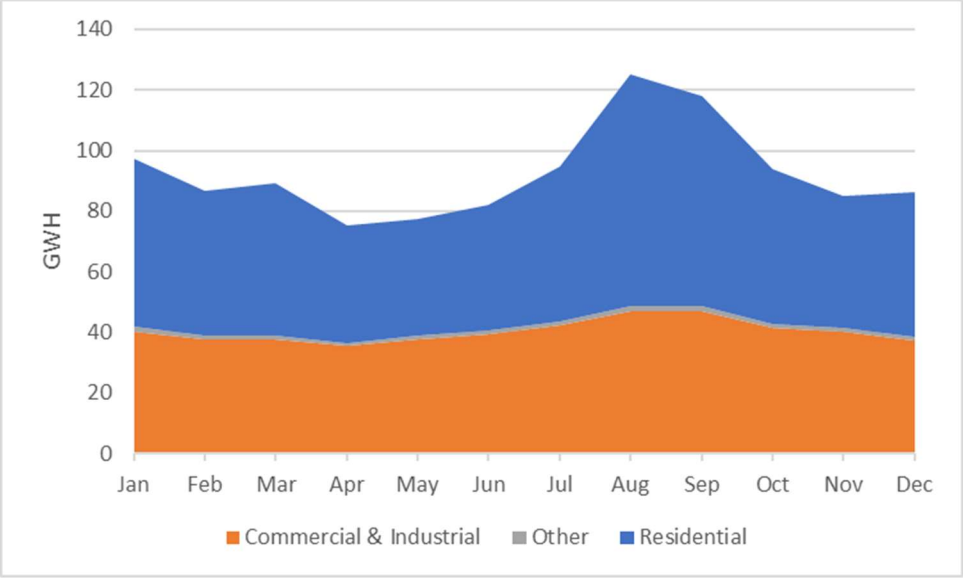
Exhibit 2
2018 Load by City



[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.

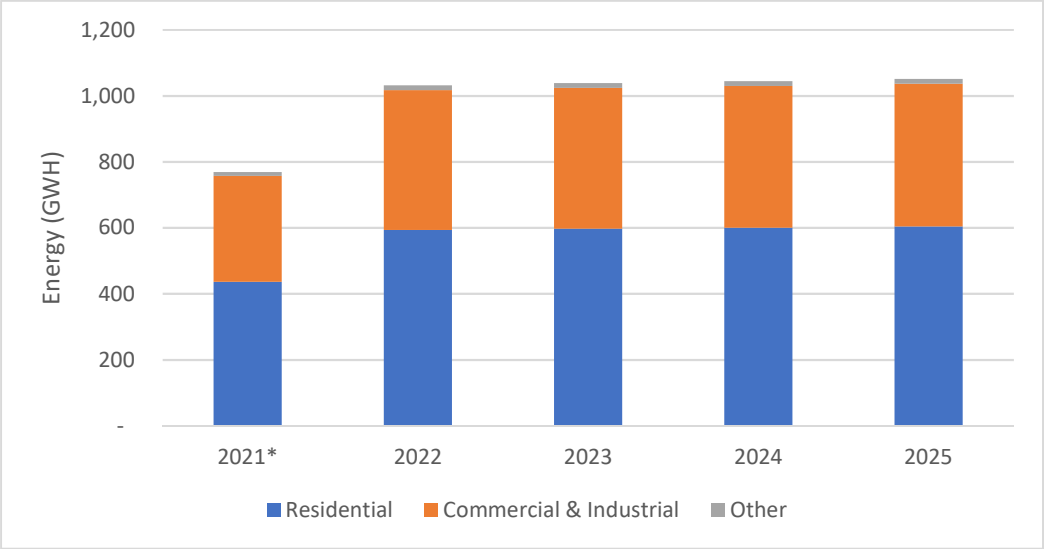
Forecast Consumption and Customers

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

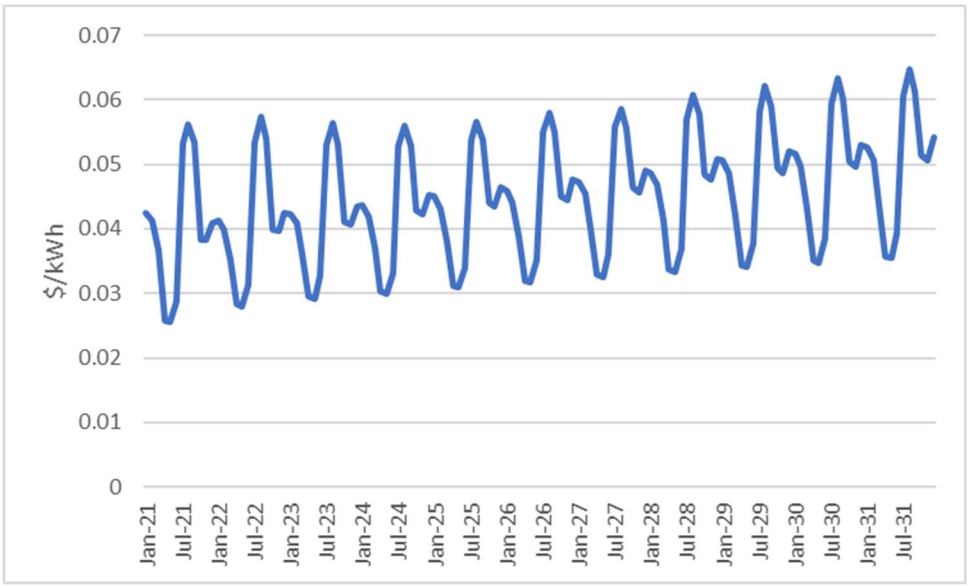
This Study presents the costs of renewable and non-renewable generating resources as well as power purchase agreements based on current and forecast wholesale market conditions, recently transacted power supply contracts, and a review of the applicable regulatory requirements. In summary, the CCA would 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.

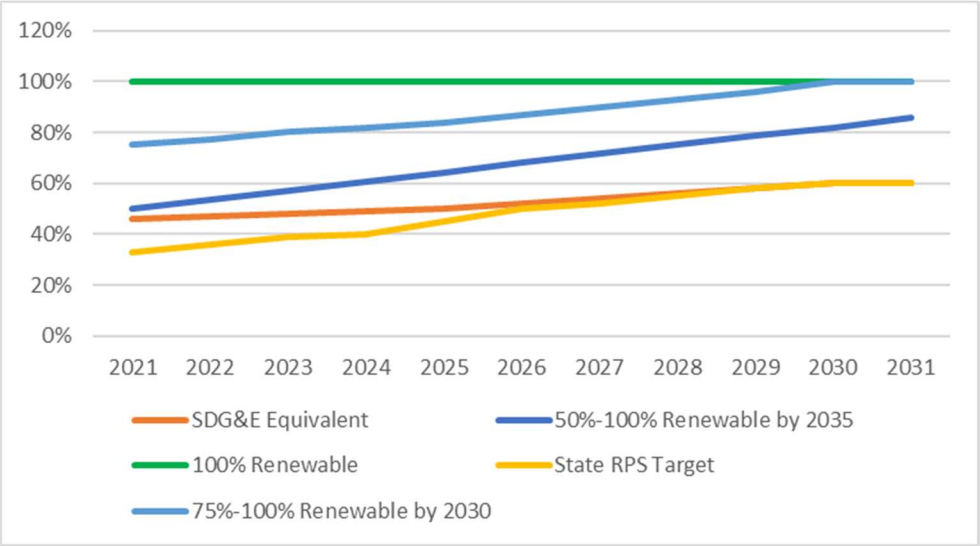
Per SB 100 and SB 350, RPS compliance requirements are 33% in 2020 and growing again to 60% in 2030. But, at a minimum, renewable energy procurement that matches SDG&E's plan is recommended. To provide information about the cost difference between renewable resource portfolios, this Study analyzes the 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)

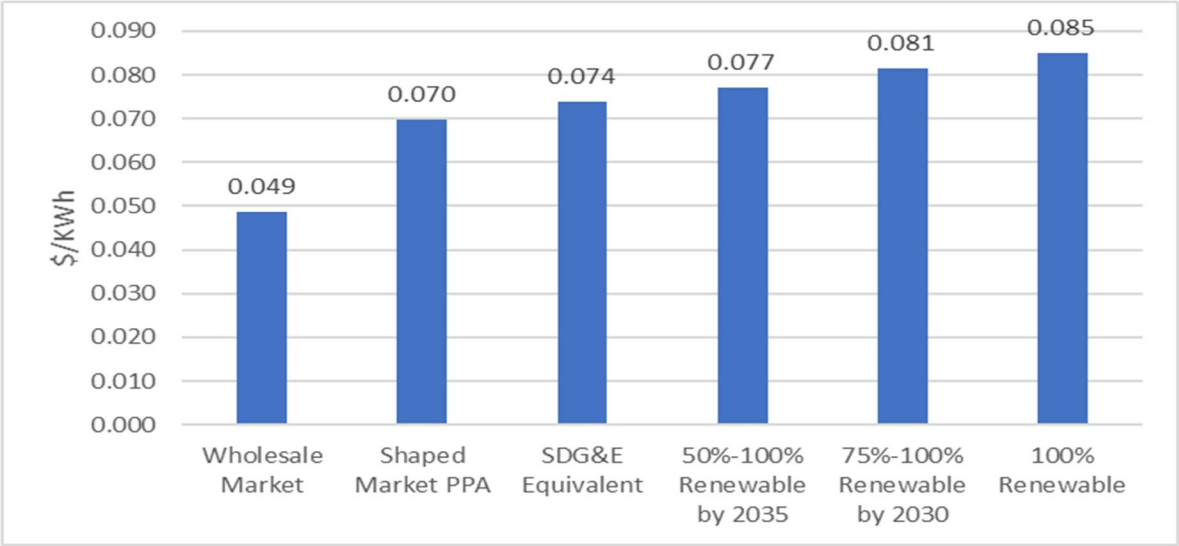


Exhibit 9 above shows a 20-year levelized price of near $0.074/kWh under the SDG&E Equivalent Renewable, about $0.077/kWh for Scenario 2 - 50% to 100% Renewable by 2035 Portfolio, near $0.081/kWh for Scenario 3 - 75% to 100% by 2030 Portfolio, and a price of near $0.085/kWh under Scenario 4 - 100% Renewable 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

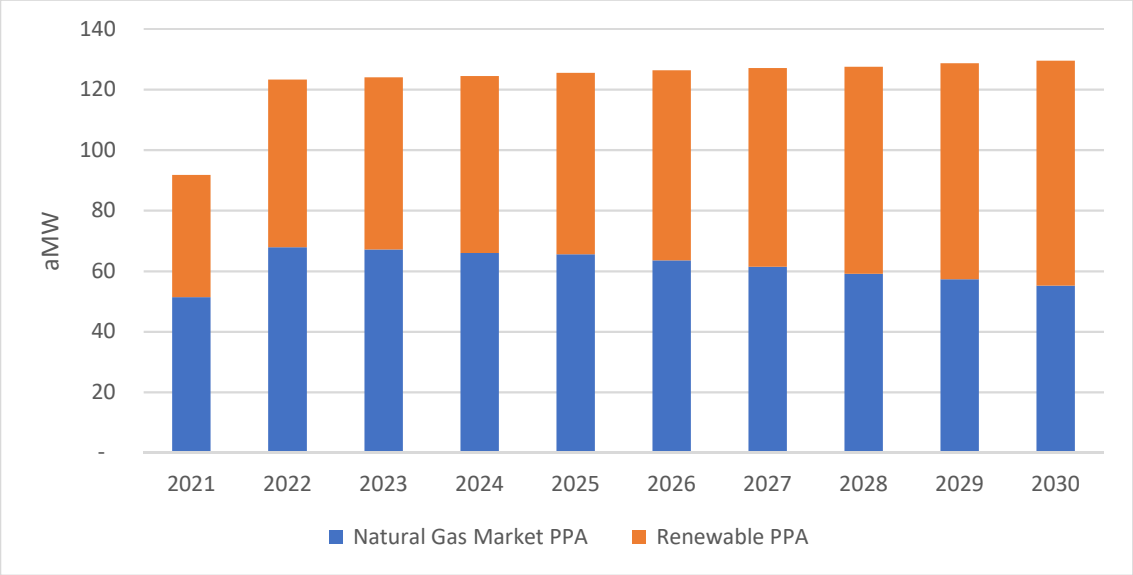
based on recent information.[21]

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)



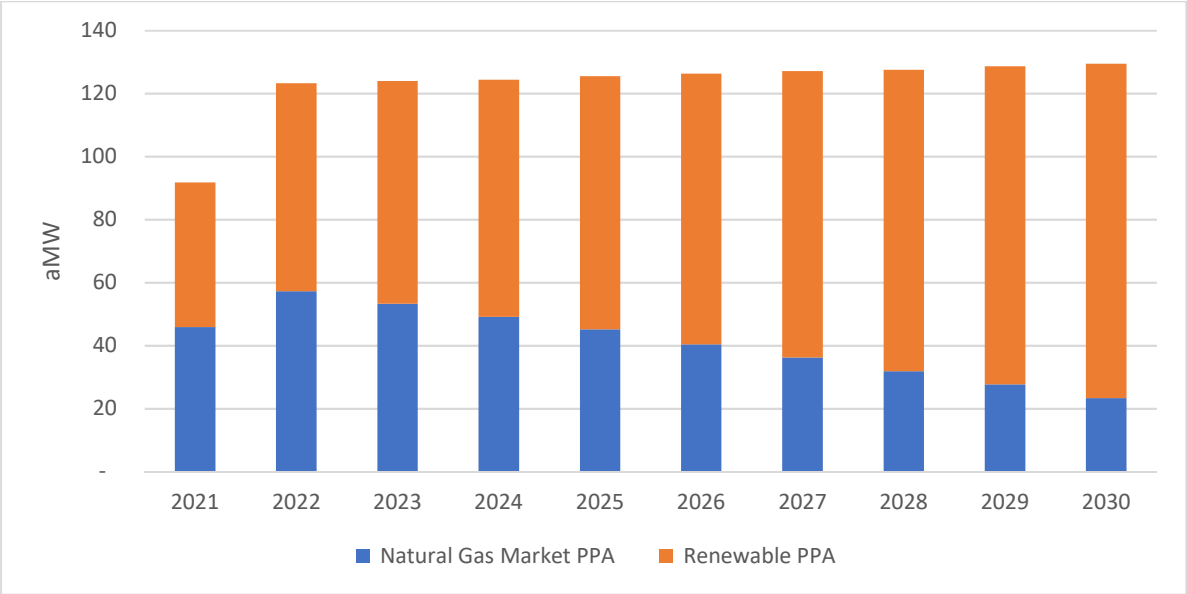
*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

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)

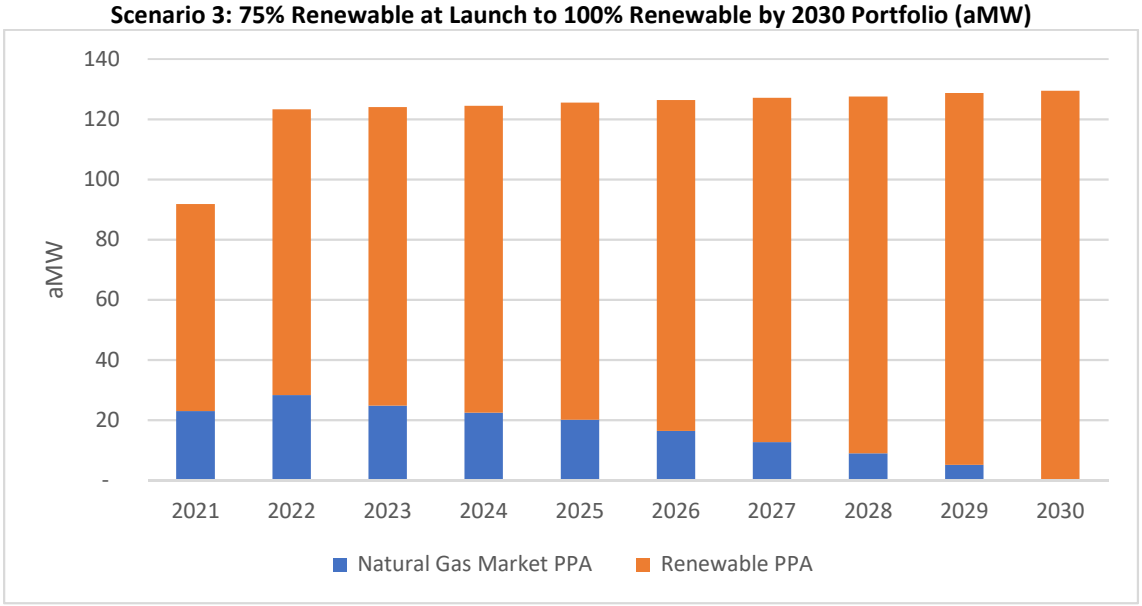


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

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)

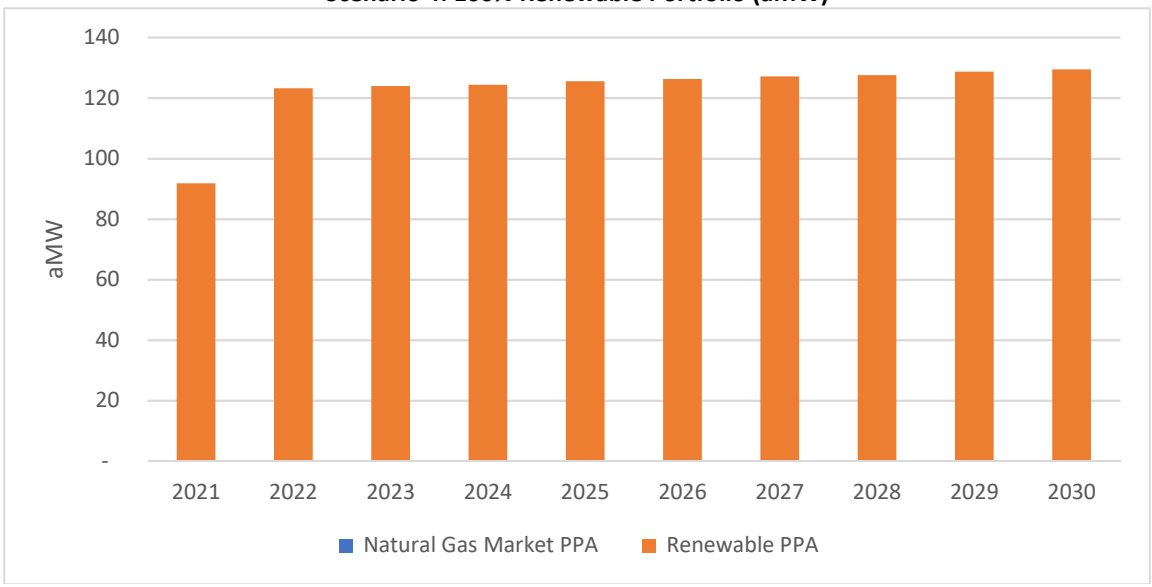


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

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)

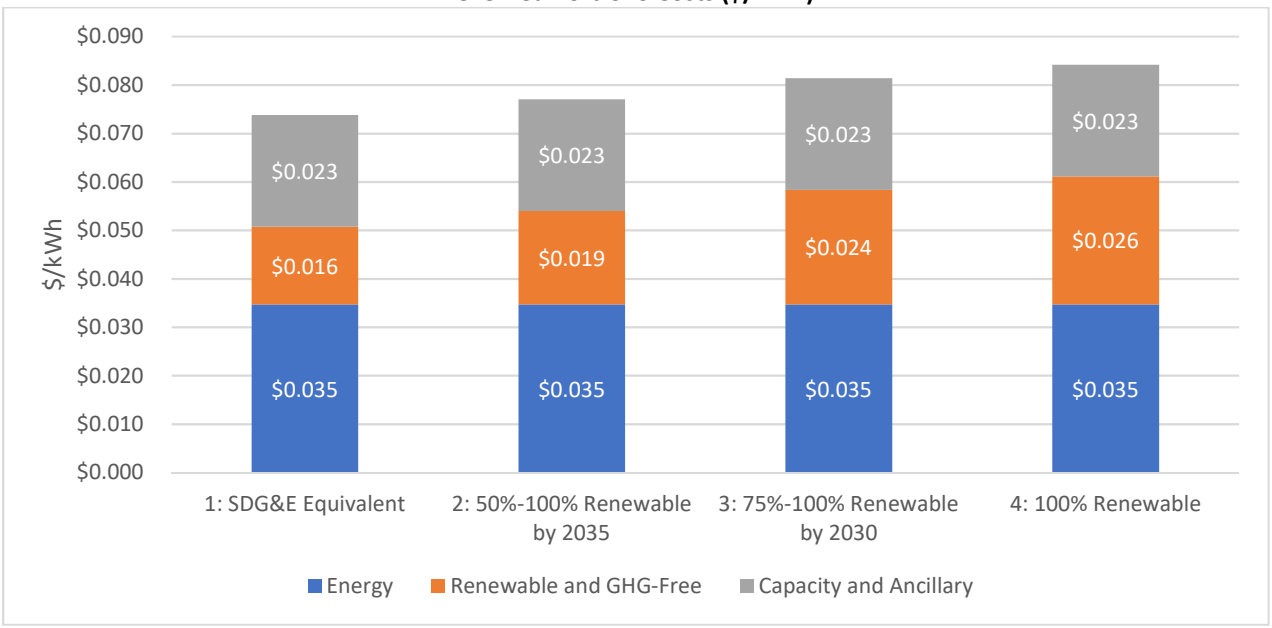


*Average annual megawatt or aMW is equal to annual megawatt-hours divided by the number of hours in a year.

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.

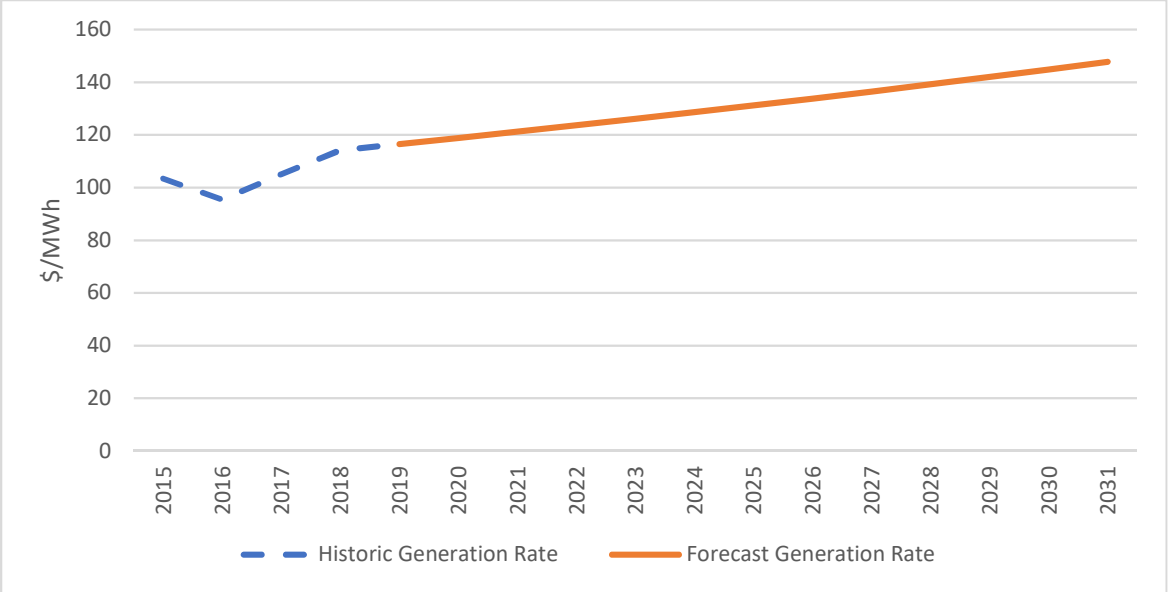
Rates Paid by SDG&E Bundled Customers

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.

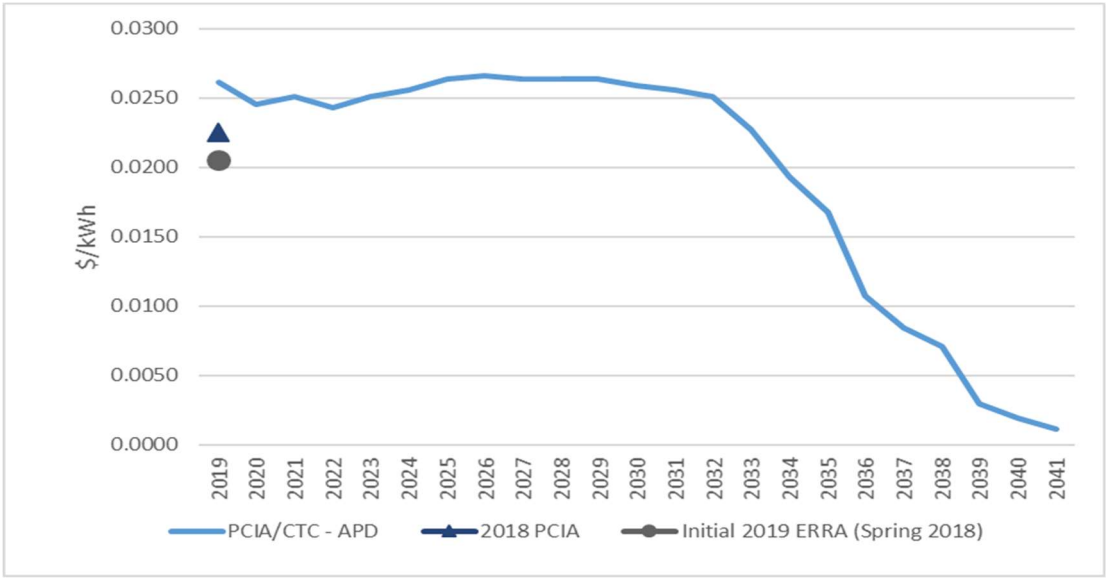
Power Charge Indifference Adjustment

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

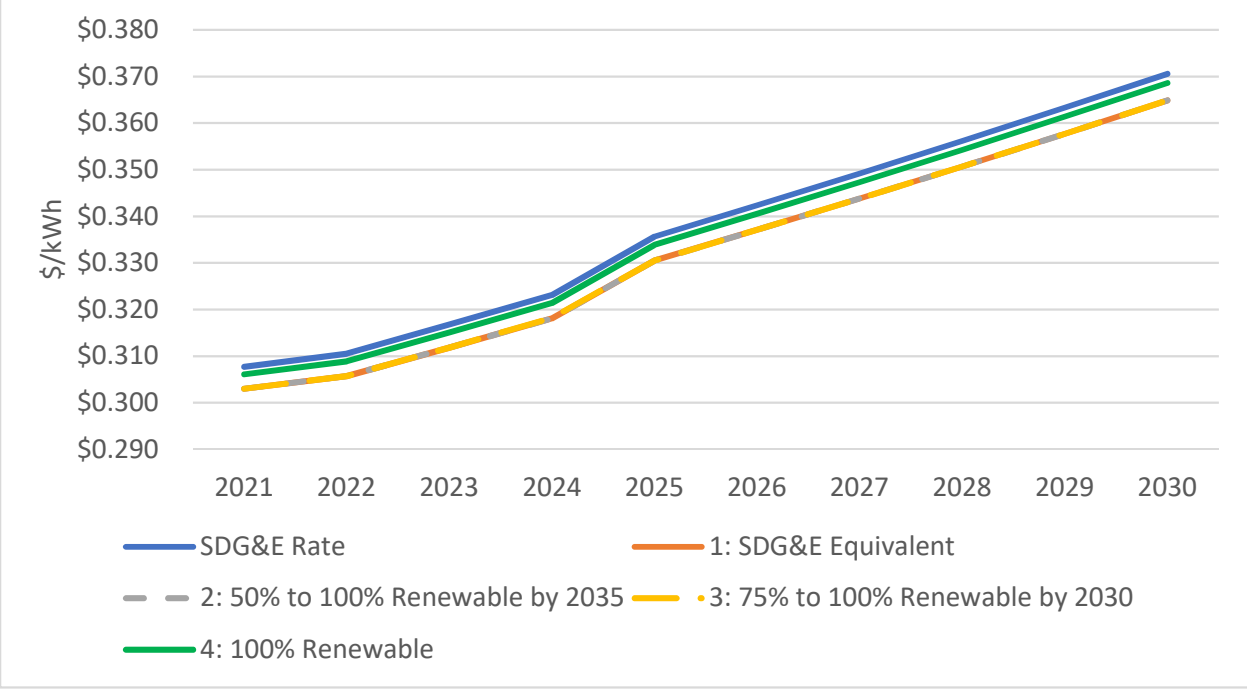


Retail Rate Comparison

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

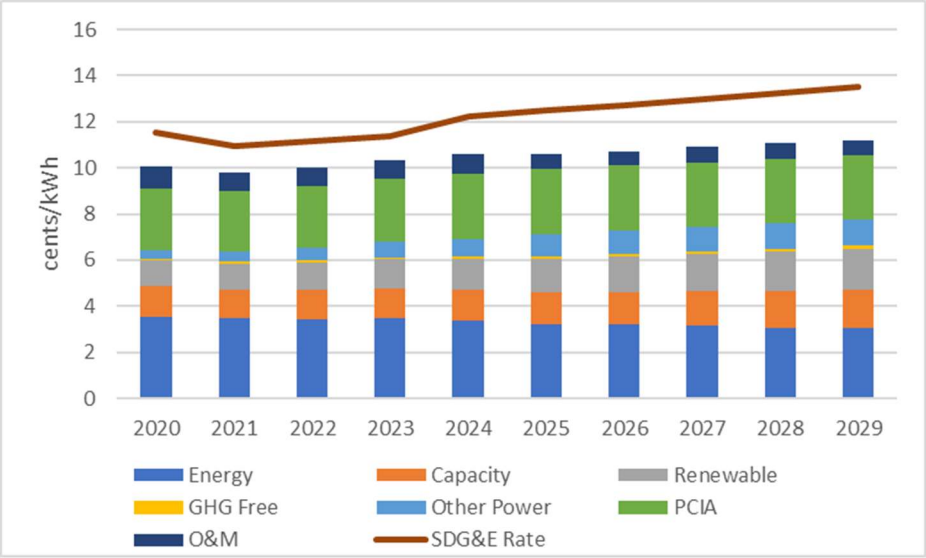


Exhibit 29
Comparison of Risks, Mitigation Strategies, and Risk Severity

	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.

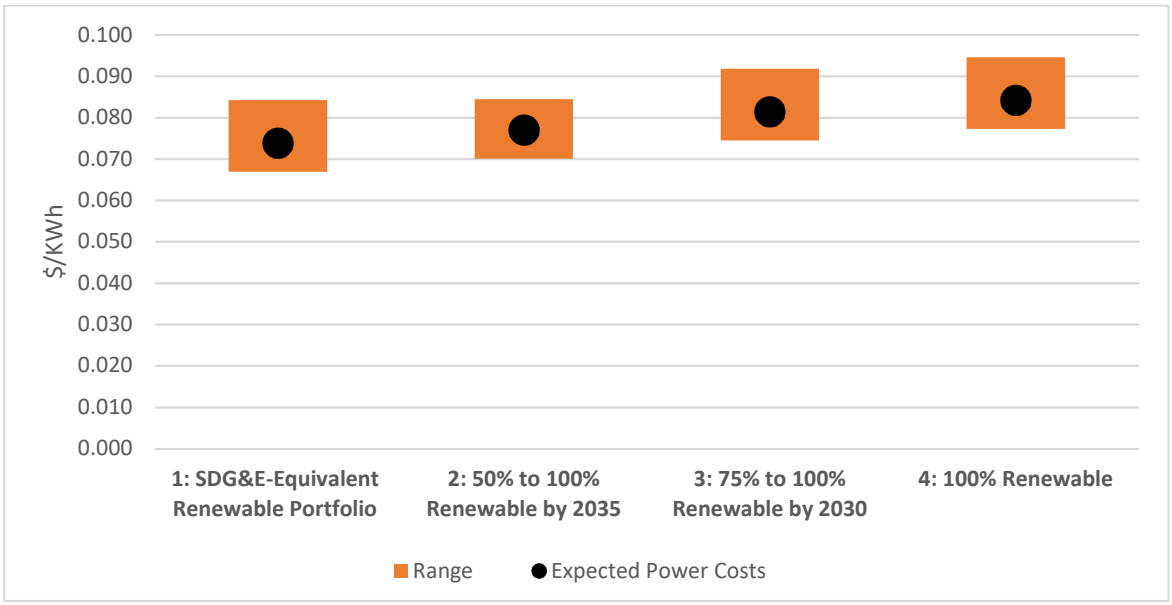
Since resource costs are based on forecast wholesale market and renewable market prices, it is prudent to look at the sensitivity of the 20-year levelized cost calculations to fluctuations in projected prices. Exhibit 30 below shows a summary of low, mid-range, and high resource costs.

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

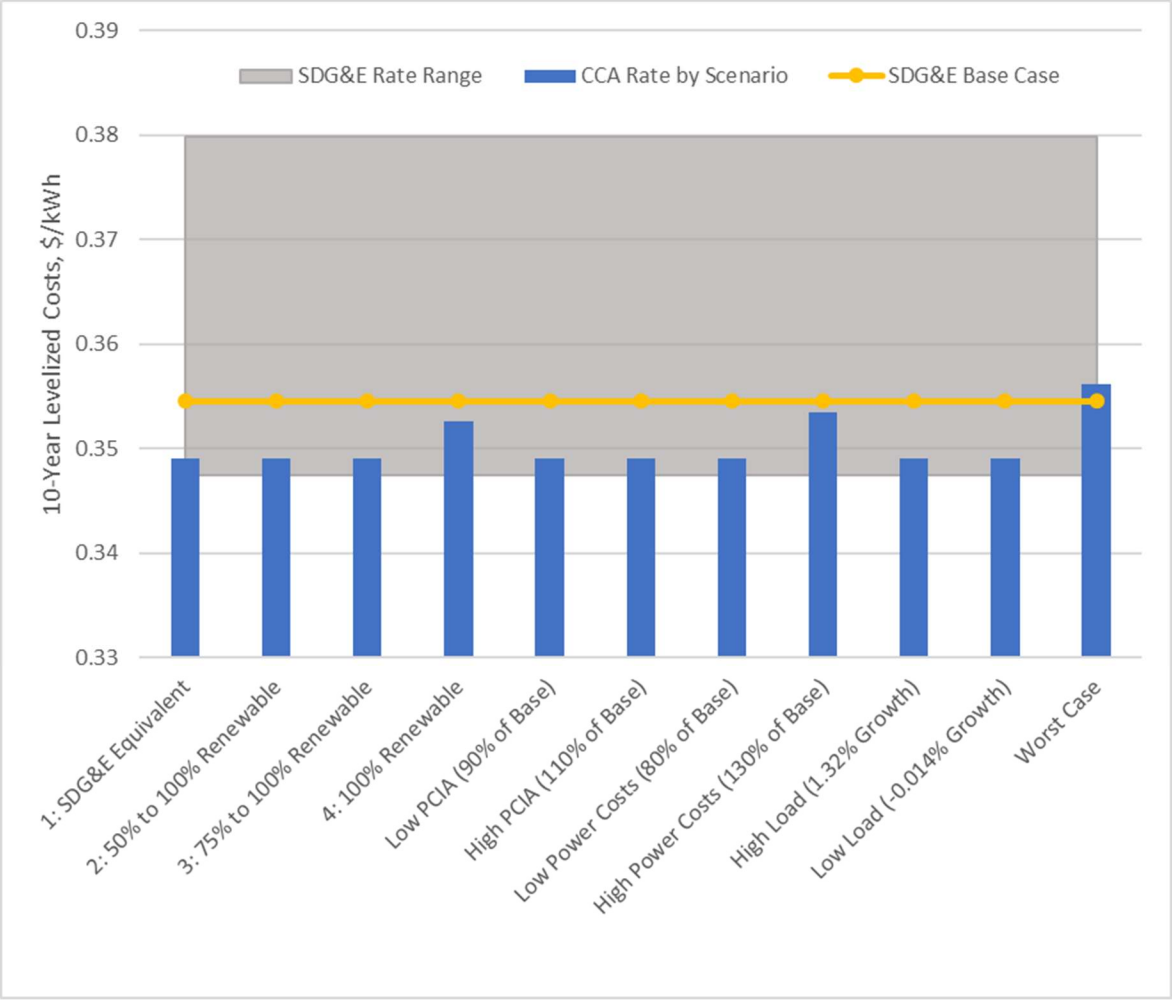


Exhibit 33 provides a comparison of the average system rate under several scenarios. This sensitivity shows that it is a significant risk to the CCA if the CCAs power costs increase based on the high-power cost scenario without any offsetting PCIA benefits. The CCA's rates could also be higher than SDG&E's 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

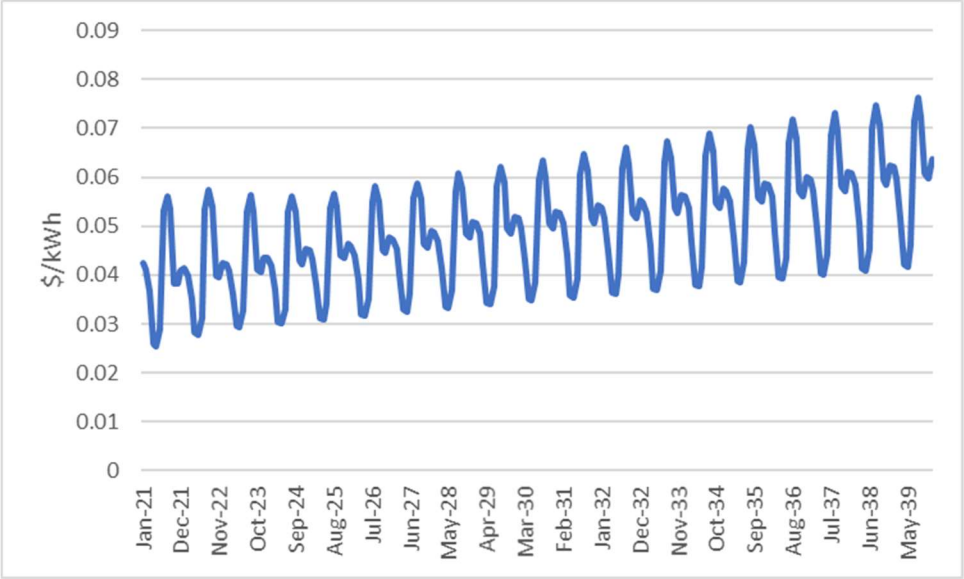
Appendix E – Power Supply Detail

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%

City of Santee

COUNCIL AGENDA STATEMENT

MEETING DATE September 18, 2019 **AGENDA ITEM NO.**

ITEM TITLE **REVIEW AND APPROVAL OF BRANDING RESEARCH STUDY RESULTS BY NORTH STAR DESTINATION STRATEGIES**

DIRECTOR/DEPARTMENT Marlene Best, City Manager

SUMMARY

On February 27, 2019, the City Council approved an agreement with North Star Destination Strategies to develop a brand for the City of Santee. Over the ensuing months, the North Star team, assisted by members of the City's Envision Santee staff committee, performed extensive community research including a Situational Analysis, Familiarization Tour, in person stakeholder interviews and focus group discussions, an open-ended Vision Survey, an online community wide Brand Barometer Survey, an Influencer Perception Study and a Consumer Awareness & Perception Study.

Ed Barlow, Director of Strategic Planning with North Star, will present to Council and the community the results of these research efforts. The research will culminate in a DNA Definition of the Santee community. Once this has been approved by Council, North Star will begin the creative approach to develop the City's new brand. The process takes on average about three months to develop the logo, strap lines, color schemes, brand narrative, etc. for the new brand.

Once developed, the City can choose to have North Star provide implementation guidance for the new brand. These services are optional and have not as yet been approved by Council.

FINANCIAL STATEMENT HJ for TM

Funding for the branding study is included in the City's Fiscal Year 2019-20 Adopted Operating Budget. An additional amount of $12,000 will need to be appropriated at a future Council meeting if the Council wishes to implement the final Action Plan phase.

CITY ATTORNEY REVIEW ☐ N/A ☑ Completed

RECOMMENDATION MDB

Review and approve the research results provided by North Star Destination Strategies and authorize the consultant to continue work on the new City Brand.

ATTACHMENTS

None