

Supervisors Reports

Submitted by Supervisor Carre Brown

Stepping Up Committee

A recent meeting was held with 11 in attendance. All attendees shared information within their area of responsibility and answered questions on coordination of services.

It was announced Crisis Intervention Trainings are scheduled on February 19, 20 and 21 in Fort Bragg. Ukiah trainings are scheduled for May 11, 12 and 13.

Area Agency on Aging Special Meeting

AAA Governing Board met to approve increased funding in the contracts for Senior Citizen Centers that provide meals for seniors both in Lake and Mendocino County. The Coastal Senior Center, Anderson Valley Senior Center and the Redwood Coastal Senior Center all benefited.

The California Health Facilities Financing Authority approved the \$500,000 Grant Funding Issued Under the Investment in Mental Health Wellness Grant Program to Develop a Crisis Residential Treatment Program at 631 South Orchard Avenue, Ukiah. On June 30 in Sacramento

Congratulation to staff that did an outstanding job of working closely with CHFFA to regain confidence that Mendocino County can move forward on the construction of a CRT facility. CHFFA praised their work and granted the \$500,000.

Mendocino County Inland Water and Power Commission

Potter Valley Project FERC Licensing Progress Update

Over the past months, the five Project planning partners (Mendocino County Inland Water and Power Commission, Sonoma Water, Cal Trout, Humboldt County and the Round Valley Indian Tribes) have continued to address all of the facets of licensing the Potter Valley Project including:

- Moving forward with the discussion of the formation of an official entity to ultimately be the Project licensee.
- Researching all funding options for the different phases of the licensing process including the first phase which is preparation of the Feasibility Study due to be completed in April 2020.
- Stillwater Sciences, the consulting firm which is developing the Feasibility Study, continues to prepare multiple sections of the work required. Drafts of these reports will be reviewed and discussed by the Two-Basin Partnership.
- Invitations to join in the licensing discussion by signing a Common Interest Agreement are being extended to several local entities.

- The public relations sub-committee has launched the website for the partnership and it can be found at: **www.twobasinsolution.org**

There is a request for additional funding by IWPC for Legal/Consultant Expenses. The work by Stillwater Sciences and the ongoing collaboration with the planning agreement parties is requiring extensive work by IWPC, our FERC consultant Tom Johnson, and our outside counsel David Aladjem. Much of the discussion that is currently taking place, for instance regarding how the project could be financed in the future or how it could be governed, requires considerable work by these two individuals and their respective expertise. Accordingly, IWPC is requesting that each member agency contribute an additional \$25,000. I will be bringing an agenda item at the next meeting for consideration of this request.

Mendocino County Inland Water and Power Commission New Website

The new Mendocino County Inland Water and Power Commission website is up and the linked Oursharedwater.com website is also live! The "Oursharedwater" website is one that can be used to encourage people to learn more about the many water supply benefits that are related to the Potter Valley Project. Since the website is so new, it is easier to search in the top address bar versus doing a search in the general search bar in Google or other browsers.

Mendocino County Inland Water and Power Commission:

www.mendoiwpc.com
www.oursharedwater.com

Also being worked on are videos to showcase the Potter Valley Project and various parts of the Eel and Russian River systems.

Public Policy Facilitating Committee (PPFC) meeting scheduled

The annual Public Policy Facilitating Committee (PPFC) meeting is scheduled for Thursday, March 12, 2020. The formal meeting will take place from 4-6 p.m. at the Healdsburg Community Center, 1557 Healdsburg Avenue, Healdsburg. This year the PPFC meeting will be combined with the annual Dry Creek Habitat Enhancement Project's Community Meeting.

A tour of one of the Dry Creek Habitat Enhancement Project sites along Dry Creek will precede the meeting starting at 2 p.m. We will meet at the Lake Sonoma Visitors Center at 2 p.m. for a very short drive to the habitat enhancement site. Following the tour there will be an open house at the Healdsburg Community Center from 3:30-4 p.m. with posters and Sonoma Water staff on hand to answer questions.

Rural County Representatives of California (RCRC) letter of January 28 to City of San Jose Mayor Sam Liccardo

The Rural County Representatives of California (RCRC) Officers and members of the Executive Committee met with City of San Jose Mayor Sam Liccardo regarding the proposed transformation of

Pacific Gas and Electric Company (PG&E) into a customer-owned utility. RCRC distributed a January 28 letter written to Mayor Liccardo following the meeting about how a very large customer-owned utility will be structured and operated. A series of questions were posed that RCRC asked to be adequately addressed before RCRC can lend its support to the initiative of a customer-owned utility model being proposed by Mayor Liccardo. Attached is the letter for review.

Local Agency Formation Commission

The Oaths of Office was conducted for new Commissioners along with the selection of officers and appointments to the Executive Committee and Policies & Procedures Committee. The Commission considered and approved an amendment to the existing Legal Services contract with P. Scott Browne, Attorney at Law. Reports by the Executive Officer were on the on Sustainable Agricultural Lands Program Grant, the mid-year budget and the work plan status for Fiscal Year 2019-20.

In December 2019, LAFCo staff received a notice from the County of Mendocino of the special district member vacancy to the Redevelopment Agency (RDA) Oversight Board. The LAFCo Executive Officer is responsible for calling and giving written notice of meetings of the Independent Special District Selection Committee at which a representative may be appointed to the Countywide RDA Oversight Board. (Government Code Section 56332(b)). Per the code, in the event only one nomination is received, that nominee is automatically selected and no election process is required. The special district representative to the Countywide RDA Oversight Board is Mr. Pete Bushby of the Ukiah Valley Fire Protection District. This is an unfunded mandate by the State at a cost of \$1000 to LAFCo.

A CALAFCO Survey Report was shared and the survey indicated Mendocino LAFCo is completing its State mandated responsibility of Municipal Service and Sphere of Influence Reviews at a higher level than most LAFCos in the State. MSRs and SOIs must be reevaluated every five years. It should be noted that the State was ready to take on LAFCos a decade ago for not doing the mandated work. Again, this is an unfunded State mandate.

CSAC Rural Caucus Letter Regarding Homelessness

The Chair of the CSAC Rural Caucus and the Past Chair reported in a letter to its member Counties their work advocating for the tools and resources needed to address homelessness. A coalition letter has been sent to the Governor asking for explicit clarification on the roles and responsibilities of Counties, Cities and the State. It is attached.



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

January 28, 2020

The Honorable Sam Liccardo
Mayor, City of San Jose
City Hall
200 E. Santa Clara Street
San Jose, CA 95113

Mr. Dan Richard
Principal
Haskell Point Advisors, LLC
P.O. Box 11278
Oakland, CA 94611

Dear Mayor Liccardo and Mr. Richard:

On behalf of the Rural County Representatives of California (RCRC) Board of Directors, we appreciate your meeting with us to discuss the proposed transformation of Pacific Gas and Electric Company (PG&E) into a customer-owned utility. We share your main objective - increasing responsiveness to utility customers - and are interested in mechanisms that reduce the costs of making long-overdue infrastructure upgrades.

RCRC is an association of thirty-seven rural California counties, which contain much of California's forested lands and represent a significant portion of PG&E's service territory. RCRC's member counties have suffered the vast majority of the State's most catastrophic wildfire events in the last decade. Similarly, RCRC member counties have borne the lion's share of recent public safety power shutoff (PSPS) events. Finally, rural counties are home to a higher percentage of elderly and low-income individuals who are the most sensitive to significant rate increases and rural residents often necessitate higher energy usage.

Given the devastating impacts recent wildfires and PSPS events have had on our member counties, we are interested in improving utility governance, increasing responsiveness to customers, and enhancing safety cultures. Energy usage and demographics make rural California sensitive to the prospective rate hikes that will be necessary to upgrade PG&E's aging infrastructure to reduce future wildfire risk, increase system reliability, and avoid the need for widespread PSPS events. We are intrigued by your efforts to refocus PG&E on its customers, reduce the cost of acquiring capital for system improvements, and compensating wildfire victims. At the same time, we have many questions about how a very large customer-owned utility will be structured and operated. Below are a series of questions that we pose that must be adequately addressed before RCRC can lend its support to the customer-owned utility model.

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ALPINE AMADOR BUTTE CALAVERAS COLUSA DEL NORTE EL DORADO GLENN HUMBOLDT IMPERIAL INYO LAKE LASSEN MADERA MARIPOSA MENDOCINO MERCED MODEC
MONO MONTEREY NAPA NEVADA PLACER PLUMAS SAN BENITO SAN LUIS OBISPO SHASTA SIERRA SISKIYOU SONOMA SUTTER TEHAMA TRINITY TULARE TUOLUMNE YUBA

Governance

- Who will have final authority to select governing board members? The "*Customer-Owned Utility Operating Principles*" refers to a nominating committee "vetting candidates for election." Does the proposal contemplate final choice through ratepayer election? Will elections be contested such that customers have a choice of more than one candidate?
- The "*Customer-Owned Utility Operating Principles*" states that the nominating committee will be "patterned on the CAISO selection process." Does this refer to the selection of *nominating committee members*, or to the selection of *governing board candidates* by the nominating committee? How will nominating committee members be selected? Will the nominating committee's vetting be advisory only, much like with the selection process for the CAISO governing board, or will it have final authority to select governing board members/candidates?
- The "*Customer-Owned Utility Operating Principles*" also indicates that "Interim Governing Board nominees will be presented in the Bankruptcy Process." How will these "Interim Governing Board" nominees be selected?
- What mechanisms will exist for accountability of the governing board and executive leadership to the public and ratepayers? Can members of the governing board be removed?
- How much authority will be delegated to executive leadership within the entity?
- What mechanisms will exist to prevent conflicts-of-interest and self-dealing by governing board members, executive leadership, and other decision-makers? Will those individuals be subject to restrictions applicable to public entities under the Political Reform Act and Government Code Section 1090, or to those rules applicable to traditional nonprofit cooperatives under Corporations Code Section 12373?
- How would the governance structure ensure meaningful representation from rural ratepayers?

Corporate Structure

- The proposed entity has alternately been described as "customer-owned" and "a mutual benefit corporation – in essence, a cooperative owned by its customers." What does this mean in practice?
- Would the entity have members? Would all ratepayers automatically become members of the entity?
- What will be the rights and obligations of membership?
- The "*Customer-Owned Utility Operating Principles*" states that "excess revenues will be reinvested into the communities." Does this mean excess will be returned directly to ratepayers, allocated as grants to communities, or something else?
- Will the proposed entity operate in accordance with the Internal Revenue Service (IRS) requirements for traditional electrical cooperatives (under IRC 501(c)(12)), i.e., *democratic control, operation at cost, and subordination of capital*? If not, how will the proposed entity deviate from these requirements?

- Will the corporation operate in accordance with existing state law governing cooperatives or mutual benefit corporations? If not, what changes will be sought?
- What benefits does the proposed structure offer over a traditional electrical cooperative, a public utility district, JPA, or similar public entity? Are there any significant tradeoffs that come with those benefits?
- How will the governance provisions for the entity – relating to member rights, board selection, and fundamental operating rules – be protected from future change? Will they be codified in statutory changes?
- How can the bylaws or other non-statutory governing document be amended? Will ratepayer, Governor, Legislative, or PUC approval be required?

PUC Oversight, Service Territory, and Protections for Rural Ratepayers

- Will the proposed entity qualify as a “cooperative” under Public Utilities Code sections 2776 et seq.? If so, what external oversight, if any, will there be for decisions by the proposed entity relating to those matters exempted from PUC jurisdiction under Section 2777 (i.e., “establish[ing] rates or regulat[ing] the borrowing of money, the issuance of evidences of indebtedness, or the sale, lease, assignment, mortgage, or other disposal or encumbrance of the property of any electrical cooperative...”)?
- What mechanisms will there be to ensure that such decisions are *transparent* and *accountable* to the *public* and to *ratepayers*?
- How will rates be set? What oversight mechanisms will exist for rates, both within and external to the entity? Similarly, what limitations will exist upon disposal of entity assets?
- Could the proposed entity sell off all or any part of its service territory to another entity? Could a municipal utility be formed within part of the proposed entity's service territory, and if so, would the entity be allowed (or obligated) to sell its assets in that territory to the municipal utility?
- How will the proposed structure guarantee *uniformity* of rates throughout the service territory, so that rural areas do not experience unaffordable rates?

Taxation

- Will the proposed entity be exempt from federal and/or California state income tax? How will this be accomplished?
- Will the entity be eligible to issue tax exempt debt (either directly or through a conduit issuer)?
- Will the entity pay property taxes to the same extent as PG&E?

Provider of Last Resort

- The “*Customer-Owned Utility Operating Principles*” indicates that under this structure, “qualified” community choice aggregators (CCA), rather than the entity, would be “the provider of last resort.” What new obligations do you anticipate this imposing on CCA's and how do you intend to ameliorate the impacts on their rates?

The Honorable Sam Liccardo
Mr. Dan Richard
January 28, 2020
Page 4

- Who decides whether a CCA is "qualified"?
- Is "provider of last resort" status optional for interested CCA's, or mandatory if "qualification" criteria are met?
- Will shifting responsibility for being the "provider of last resort" ultimately result in increased or decreased customer rates?

Financial and Operational Stability

- Many of PG&E's most pressing concerns today involve structural imbalances between rates and costs and/or the results of decades of deferred maintenance, which exist without regard to the managing entity. Indications have been made that being able to reduce the cost of capital will enable a customer-owned utility to perform these necessary system upgrades while reducing or mitigating some of the ratepayer impacts that would be associated with normal utility financing efforts. We are intrigued by the potential ratepayer savings associated with lower financing costs. Are there any other cost savings that will accrue as a result of the proposed restructuring?
- Does the proposal contemplate that the new entity will pay fair market value to acquire PG&E's assets?
- Would PG&E's assets be acquired directly from the bankruptcy estate, overseen by the bankruptcy court, or through some other method?
- How will the proposed entity attract investors and obtain competitive rates for what may be perceived as a novel operational and governance model?
- How would the entity's liability for future fires and other types of claims compare with the framework that currently applies to investor owned utilities and municipally owned utilities?
- Will the entity be subject to the same procurement and labor laws that other public entities are required to follow? Will it "contract out" any part of the maintenance or operation of the transmission and distribution system?

RCRC looks forward to further discussions with you on these issues to ensure that PG&E emerges from bankruptcy with a governance structure that is responsive to its customers and embraces an improved safety culture that is willing to make system improvements to increase reliability while reducing wildfire risk.

Sincerely,



Daron McDaniel
Member, Merced County Board of
Supervisors
RCRC Chair



Stacy Corless
Member, Mono County Board of
Supervisors
RCRC 1st Vice Chair

The Honorable Sam Liccardo
Mr. Dan Richard
January 28, 2020
Page 5



Lee Adams
Member, Sierra County Board of
Supervisors
RCRC Board Member



Denise Carter
Member, Colusa County Board of
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Diane Dillon
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Member, Butte County Board of
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Bob Williams
Member, Tehama County Board of
Supervisors
RCRC Board Member

cc: Members of the Boards of Supervisor, RCRC Member Counties



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Virginia Bass
Humboldt County

~

Executive Director
Graham Knaus

January 30, 2020

Dear Colleagues:

Homelessness is a major crisis in our state and while severity is more apparent in urban counties, it is widespread in all regions of California – no matter the size of the county. It is a pressing issue affecting most California counties and it is important that we are at the table to help protect and advance the interests of rural counties.

On January 10th, Governor Newsom declared solving the homelessness crisis his number one priority as part of his FY 2020-21 budget plan. Similarly, CSAC has made homelessness one of its top priorities over the past 3 years, and this year Officers and the Executive Committee have echoed this commitment by directing CSAC to engage in the development of proposals to address the homeless crisis in a way that protects counties and provides sufficient resources to address additional obligations. In that light, CSAC and other key stakeholders are taking a lead on working with the state and cities to develop workable solutions that include the necessary resources.

Attached you will find a coalition letter sent to Governor Newsom reinforcing that CSAC is committed to playing a vital role in discussions regarding responsibilities, tools and resources that will be needed to address homelessness. We also want to ensure that there is explicit clarification on the roles and responsibilities of counties, cities and the state. If counties are to receive new responsibilities, they must come with additional funding. Counties are already on the front lines of providing vital services to homeless individuals or those at risk of losing housing. But we cannot solve this crisis alone; we cannot do this with the funding we currently have. We plan to work closely with the Administration and other stakeholders on these important points.

As Chair of the Rural Caucus, I look forward to working closely and hearing from you on this issue. All our opinions matter on an issue of this magnitude, no matter the size of our county, and I am committed to protecting the interests of all rurals. You will be hearing a lot more about potential solutions this year as your CSAC Officers, Board of Directors and CSAC staff work tirelessly on this core priority. As our Past President and Amador County Supervisor Richard Forster always says, "One Family, 58 Strong." Working together, we will make a difference.

Sincerely,

Ed Valenzuela
Supervisor Ed Valenzuela
CSAC 2nd Vice President
Siskiyou County

Virginia Bass
Supervisor Virginia Bass
CSAC Immediate Past President
Humboldt County

The Voice of California's 58 Counties

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