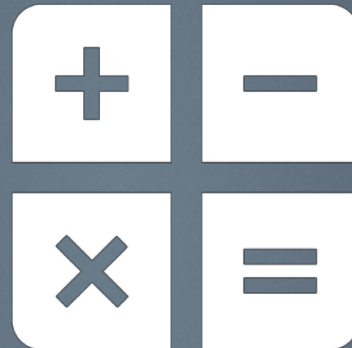


**CITY COUNCIL MEETING
TUESDAY, MARCH 6, 2018**

PRESENTATIONS

ITEM 4 – LB 18-011

INTRODUCTION OF ORDINANCE AND RESOLUTION FOR TAXATION OF ADULT USE CANNABIS



Introduction of Ordinance and Resolution for Taxation of Adult Use Cannabis

October 30, 2017 Work Session

- ▶ Council expressed a preference for:
 - ▶ 5% of gross sales for cultivating and manufacturing
 - ▶ 8% for retail sales dispensaries

Proposed Rates



- ▶ Establish the Commercial Cannabis Tax rate at 6% of gross sales

Comparative Rates

Jurisdiction	Tax Rates
Oakland	10% of gross receipts for recreational cannabis 5% of gross receipts for medical use
San Leandro	6% currently, increases to 8% by 2021
Berkeley	5% of gross receipts for recreational cannabis 2.5% of gross receipts for medical use
Santa Rosa	2% of gross receipts for cultivation 1% of gross receipts for manufacturing 3% of gross receipts for recreational cannabis
Unincorporated Sonoma County	3% of gross receipts for manufacturing 2% of gross receipts for dispensaries
San Jose	10% of gross receipts

Questions & Discussion



ITEM 5 – LB 18-009

**EAST BAY COMMUNITY ENERGY – SELECTION
OF ELECTRICITY PRODUCT FOR CITY FACILITIES
& SELECTION OF DEFAULT ELECTRICITY
PRODUCT FOR COMMUNITY**



East Bay Community Energy

**Selection of Electricity Product for City Facilities &
Selection of Default Electricity Product for Community**

UTILITIES & ENVIRONMENTAL SERVICES

Erik Pearson
Environmental Services Manager

March 6, 2018

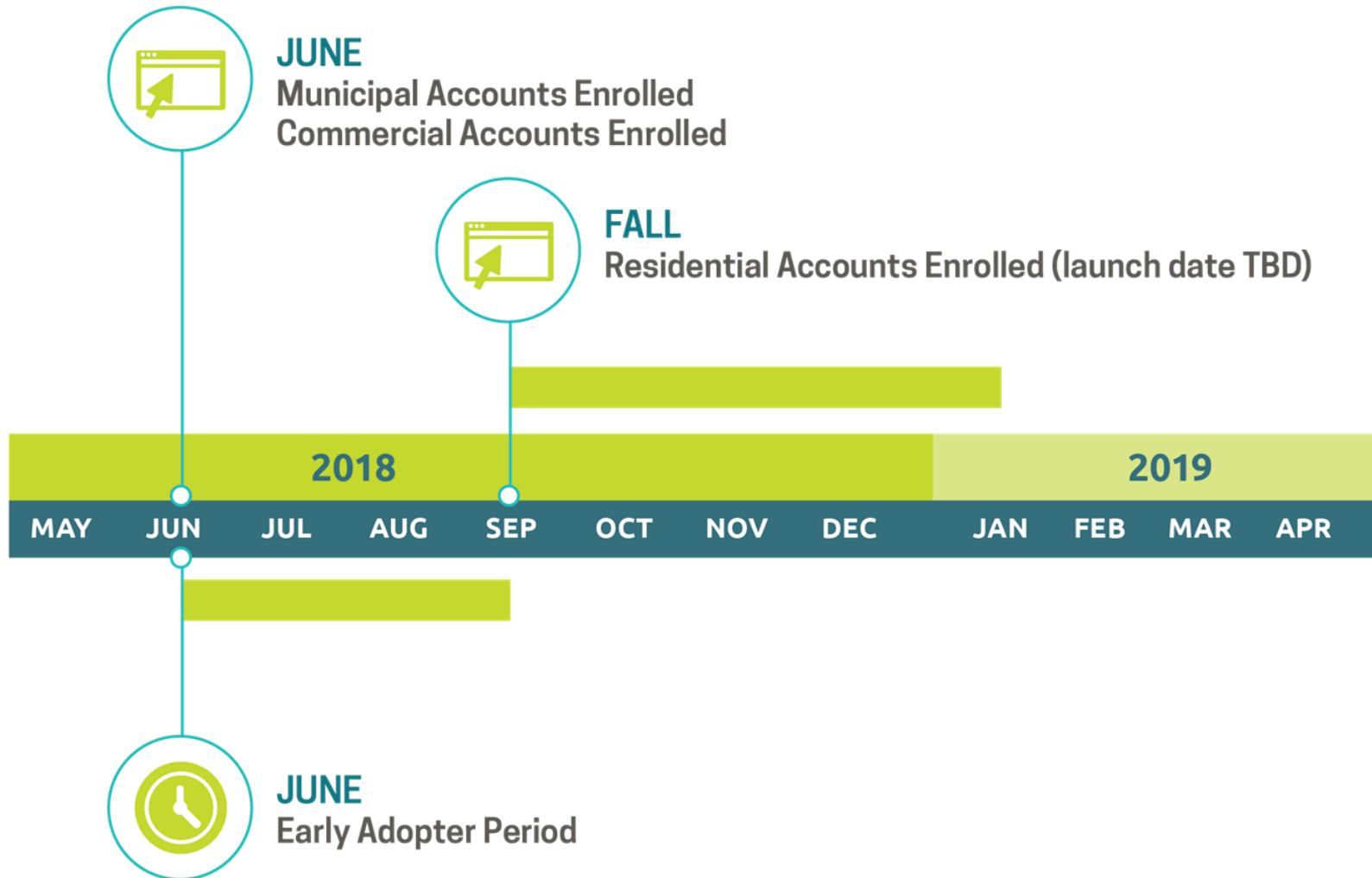
East Bay Community Energy



- ▶ JPA established in late 2016
- ▶ EBCE Board meeting regularly since January 2017
- ▶ Goals include:
 - ▶ Rates competitive with PG&E
 - ▶ Electricity with lower GHG intensity
 - ▶ Develop new renewable energy facilities in Alameda County



EBCE SERVICE BEGINS IN JUNE



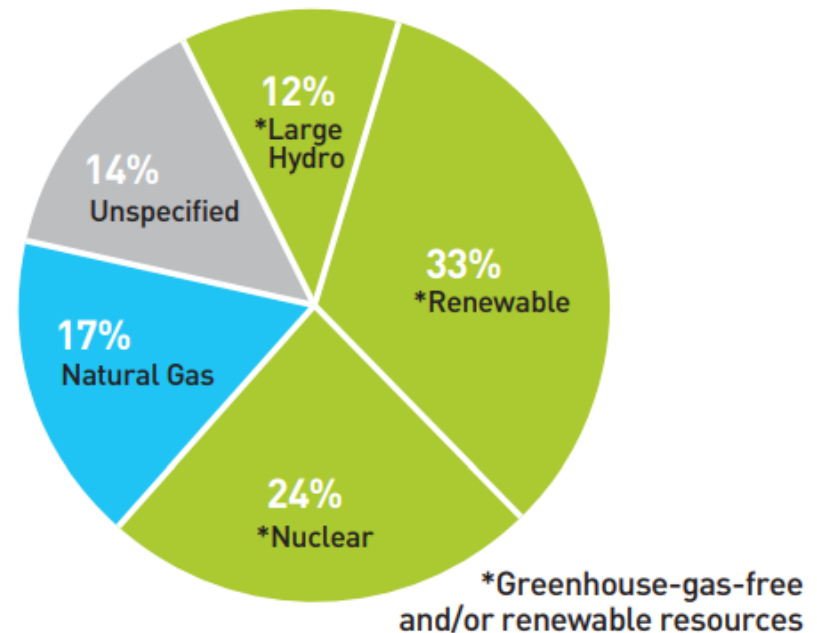
Renewable Portfolio Standard (RPS)



- ▶ California requirements:
 - ▶ 33% renewable by 2020
 - ▶ 50% renewable by 2050
- ▶ In 2016, PG&E was 69% GHG Free

2016 POWER MIX

PG&E-owned generation and power purchases



Two Products



85% carbon-free
(37% renewable +
47% hydro)

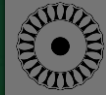
1.5%
discount rate



100% carbon-free
(40% renewable +
60% hydro)

rate equal to
PG&E

PG&E and Other CCAs



	2016		2018		
	PG&E	Default Product of Other CCAs	PG&E	EBCE Bright Choice	EBCE Brilliant 100
Renewable Content (default product)	33%	40 - 55%	42%	38%	40%
Carbon Free (default product)	69%	68 - 100%	88%	85%	100%
Residential Rate compared to PG&E	N/A	+4 to -5%	N/A	-1.5%	equal
Non-Residential Rate compared to PG&E	N/A	+2.4% to -5%	N/A	-1.5%	equal

Default Electricity Product



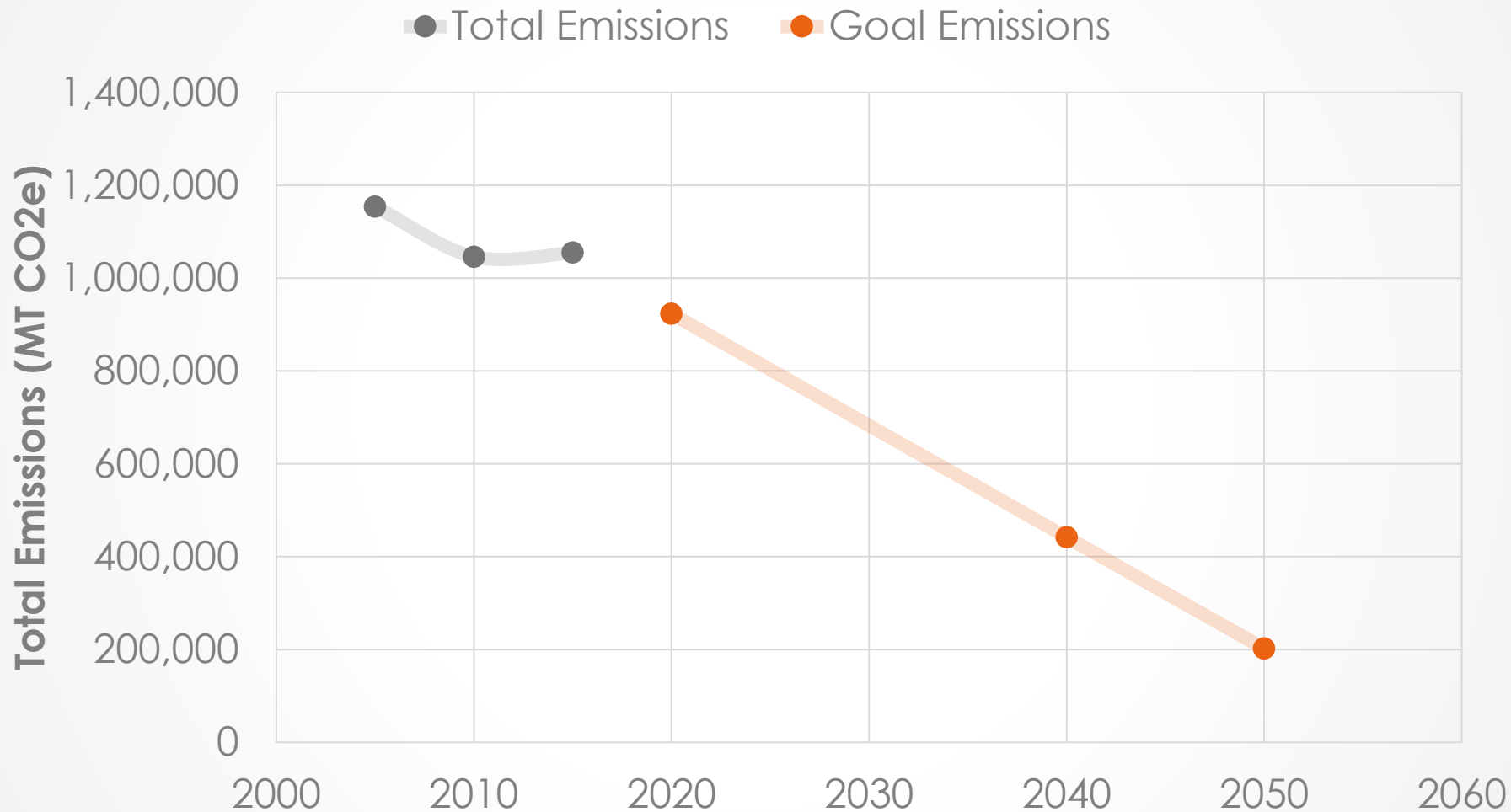
- ▶ Bright Choice is standard default
- ▶ Cities can choose Brilliant 100 as default
- ▶ Berkeley, Piedmont, Emeryville, San Leandro, and Oakland are exploring the idea of Brilliant 100 as default
- ▶ Last night, Albany selected Brilliant 100 as default

March 5 Email from EBCE CEO



- ▶ Confirms that cities can choose default
- ▶ Recommends against Brilliant 100 default
- ▶ If Brilliant 100 is default, then special noticing
- ▶ If Brilliant 100 is selected as default, then only for Phase 1

GHG Inventories & CAP Goals



Possible Scenarios for 2020 Goal



Scenario #	Assumptions			Total GHG Reduction from 2005 - 2020
	GHG-Free Electricity	Opt Out Rate	DA Load Switch to EBCE	
1	73%	5%	20%	-9.1%
2	85%	5%	50%	-13.3%
3	100%	10%	65%	-20.1%

Economic Impact



If Bright Choice is default, customers will see some minimal savings (less than 1%).

If Brilliant 100 is default, customers will see no change in cost of electricity.

Fiscal Impact



- ▶ City spends approx. \$1m per year on electricity generation charges
- ▶ If City purchases Brilliant 100, no change in cost
- ▶ If City purchases Bright Choice, annual savings* will be \$10,000 to \$15,000

* Savings will decrease as City installs more solar and purchases less electricity

Draft Resolutions



- ▶ Recommendation: Adopt resolution authorizing purchase of Brilliant 100 for City facilities
- ▶ Council may also decide to adopt resolution selecting Brilliant 100 as default for nonresidential

Next Steps



- ▶ Non-residential customers:
 - ▶ Opt out notices will be mailed in April and May
 - ▶ City outreach to minimize opt-outs
 - ▶ Service begins in June

Questions & Discussion



ITEM 6 – PH 18-016

SOLAR PHOTOVOLTAIC PROJECT – PHASE II



Solar Photovoltaic Project - Phase II

UTILITIES & ENVIRONMENTAL SERVICES

Alex Ameri
Director of Utilities & Environmental Services

March 6, 2018

Background:



- Phase I project was completed as a 1 megawatt Design-Build Project in 2011
- Proposed Phase II would expand it by another 2 megawatts
- Some of the new energy would be transmitted through PG&E lines to other City facilities to help with Council Goal of ZNE by 2025
- Excess energy sold to East Bay Community Energy (EBCE)



Proposed Project:



Environmental Review:



- Staff Prepared Initial Study
- Resulting in Mitigated Negative Declaration
- MND has been posted in compliance with the law
- No public comments have been received

Design-Build Process:



- Most common process for implementing of public construction projects is Design-Bid-Build
- In rare occasions, due to the specialty nature of design, projects are designed and built by the same entity
- The process is called Design-Build
- Because Design-Build projects are based on conceptual ideas, rather than prescriptive designs and specifications, other factors beside low cost are considered

CSC Review & Recommendations:



- Project was presented to Council Sustainability Committee last September
- CSC supported Design-Build approach
- CSC recommended having a competitive selection process

Project's Design-Build:



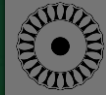
- In October, staff issued an RFP to three qualified firms
- Two firms responded and submitted proposals
- City staff considered various factors such as:
 - Project cost
 - Firm's qualifications and experience with similar projects
 - Schedule
 - Local office
 - Adherence to City policies and requirements

Final Cost:



- Based on all items being included, Engie Services had the lower bid of \$5,464,360 verses the REC Solar bid of \$5,539,104
- The total project cost including City staff time, PG&E services costs, and third party inspections will be \$6,160,000

Funding:



- Current CIP includes \$5,205,000 for this project (based on an initially assumed 1MW project size)
- An additional \$955,000 must be appropriated from the sewer fund balance
- Staff is planning to apply for a low interest loan from California Energy Commission (CEC) for up to \$3M
- Annual Operations & Maintenance cost of \$38,880 paid from sewer operating budget
- Some of these costs will be offset by sale of electric energy to City facilities and to EBCE

Sustainability Features:



- Once constructed and operational, this project will propel Hayward once again to the forefront of the cities in Alameda County in producing clean and renewable energy
- It will also help the City get 50% closer to meeting the Council's goal of municipal facilities ZNE by 2025, and become a supplier to EBCE



Recommendations:



1. Approving the Initial Study and Mitigated Negative Declaration
2. Authorizing the City Manager to negotiate and Execute a Design-Build contract with Engie Services U.S. Inc., for the project
3. Authorizing the City Manager to submit a low-interest rate loan application to California Energy Commission (CEC)
4. Appropriating additional funds from the Sewer Improvement Fund

Questions & Discussion

