



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Office of Sustainability



Date: June 16, 2016
Board Meeting Date: June 28, 2016
Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: Jim Eggemeyer, Director, Office of Sustainability

Subject: Repayment Agreement between the County of San Mateo and the Peninsula Clean Energy Authority

RECOMMENDATION:

Adopt Resolutions:

- A) Authorizing a loan and repayment agreement between the County of San Mateo and the Peninsula Clean Energy Authority in the amount of \$2.98 million to be repaid to County by Peninsula Clean Energy Authority for the purposes of addressing working capital costs over a term of five years and at variable rates provided in the agreement; and
- B) Authorizing an Appropriation Transfer Request in the amount of \$1,480,800 from Non-Departmental Excess ERAF reserves to Non-Departmental Loans to Other Funds/Agencies for the purpose of providing working capital costs to Peninsula Clean Energy.

BACKGROUND:

Beginning in late 2014, the County began to explore the feasibility of developing a Community Choice Aggregation (CCA) program in San Mateo County.

On February 29, 2016, Peninsula Clean Energy Authority (PCEA) was formed by all the cities in the County of San Mateo, as well as the County itself, to administer a community choice aggregation program in San Mateo County.

Prior to the legal formation of PCEA, the County funded certain activities necessary to implement the PCEA program at a cost of \$1,100,000 comprised of an appropriation on February 24, 2015 of \$300,000 and an appropriation of \$800,000 on October 20, 2015.

After legal formation of PCEA, the County authorized funding totaling \$1,880,800 to PCEA to support PCEA's operational needs during the initial roll out of the program.

DISCUSSION:

The remaining authorized funds in the amount of \$1,480,800 will be deposited into a trust account set up for the sole use of PCEA. Per the terms of the agreement, PCEA shall pay interest to the County on the total advanced amount, which shall be based on the amount of interest that would have been earned had the amounts been invested in the San Mateo County Pooled Investment Fund starting on the dates provided in the agreement and ending upon repayment.

The County pool interest rate shall be calculated as follows:

$$\text{Principal} \times \text{Quarterly Interest Rate} \times \frac{\text{Number of Days in the Quarter}}{\text{Number of Days in the Year}}$$

The loan to PCEA in the amount of \$1,480,800 was appropriated in the Office of Sustainability's FY 2016-17 Recommended Budget Services and Supplies account. Because there is a need for these operating funds in FY 2015-16, an Appropriation Transfer Request (ATR) of \$1.48 million will need to happen this fiscal year. This appropriation of \$1.48 million will be removed from the FY 2016-17 Recommended Budget as a September revision with no net change in reserves.

County Counsel has reviewed and approved the resolution and the agreement as to form.

This action contributes to the outcome of a Collaborative Community by fostering relationships with all cities in the County, facilitating a regional solution to local energy needs, and expanding the available power procurement options for county residents.

FISCAL IMPACT:

Upon approval, \$1,480,800 will be transferred from Non-Departmental ERAF Reserves to a trust account set up on behalf of the PCEA. These funds are a loan to PCEA and will be repaid to the County at the interest terms in the agreement.