



Councilmember Marni von Wilpert

City of San Diego • District 5

MEMORANDUM

DATE: March 5, 2021

TO: Honorable Mayor Todd Gloria

FROM: Councilmember Marni von Wilpert

SUBJECT: Priorities for the Gas and Electric Franchise Agreements

The City's Gas and Electric Franchise Agreement represents a unique opportunity to outline how the City will partner with a gas and electric utility to operate within the public right-of-way while working towards the City's ambitious climate goals. The opportunity to develop an agreement for these important franchises hasn't come forward in over 50 years. Given the magnitude of these agreements and the long-term impacts to our residents and businesses, I would like to submit some of my priorities to be considered in the development of these agreements.

I have developed the priorities below over the past few months of community outreach, Environment Committee discussions, review of the previous franchise agreement, as well as review of the consultant reports from the development of the failed 2020 Invitation to Bid ("ITB"). I appreciate the engagement from residents and businesses from District 5 and the City at large. I am thankful for the diligent work of the Mayor in securing the extension of the current franchise agreements, so that the new Council has had time to conduct public outreach before the development of the next ITB. I appreciate your consideration of my priorities while developing the terms of the next gas and electric franchise agreement.

Priority 1 - Five-Year Term Length

The term length of the next gas and electric franchise agreements is one of the most important considerations in this process. At this time, I believe that the City should move forward with a Five-Year agreement for the gas and electric franchise. With science and technology changing rapidly in the clean energy arena, this shorter term will allow the City to closely monitor the ultimate winner of the ITB to ensure they are acting in good faith to meet the City's climate goals while being a good partner in operations within our right-of-way. This term length will also provide time for the City to further evaluate our options for the future of these franchises, including evaluating a public power option.

Priority 2 - Fire Protection

District 5 has endured two devastating wildfires in San Diego, the Cedar Fire in 2003 and the Witch Creek Fire in 2007. The agreement must include strong language related to wildfire prevention and protection regarding energy transmission. A lot has changed in 50 years since the last agreement—wildfires are and will continue to be a major threat to our City as impacts from Climate Change worsen. I feel strongly that language in the agreement should require the new franchise winner to be aggressive in their efforts to prevent wildfires from gas and electric transmission and assist our first responders in protecting our communities should a wildfire occur.

Priority 3 - Bid Payment

As was the case with the last ITB, the initial bid payment for the ultimate winner of the franchises must not be paid for through ratepayer funds. The bid amount must be paid in cash upfront by shareholders.

Priority 4 - Labor Protections

The franchise winner must agree to treat their workers with dignity and respect, ensuring that worker safety is paramount. This includes a commitment to allowing workers to organize, join, and form unions as is their right under federal labor law, and committing to card-check neutrality.

Priority 5 - Billing and Rate Transparency

The ultimate winner of the ITB must protect ratepayers by committing to billing transparency and efficient customer service if ratepayers have questions or need financial assistance, due to COVID-19. Our residents should not have to struggle to understand their bills, especially as we move to onboard more residents and businesses into San Diego Community Power.

Priority 6 - Partnership with the City

One of the most important features of the agreements is the inclusion of strong language ensuring that the ultimate winner of the franchises is a partner with the City. For example, the utility must be a good partner when operating in our Right-of-Way, including reducing construction impacts felt by our communities and being quick to fully repair utility construction activities upon completion of their work. The agreements must include strong language ensuring any utility is quick to respond to and address any City identified conflicts within the City's right-of-way, including cooperating with the City in its Pure Water construction. The agreement must impose significant penalties for any delays, as determined by the City, and all penalties prohibited from being paid using ratepayer funds.

The Franchise winner must commit to being a partner with the City to meet our Climate Goals to reach a zero carbon future. This includes working in partnership with the City and San Diego Community Power to implement local renewable power projects within the City, including assisting with the electrification of transportation and EV charging stations, and city facility electrification.

To conclude, I believe the priorities listed above will strengthen the franchise agreements and ensure reasonable protections for the City, our residents and businesses. The recent challenges

the City has faced with conflicts in our right-of-way with the current franchise, which will be resolved ultimately by the courts, reinforces the need for a shorter-term agreement. Combined with the City's ambitious climate goals and roll out of San Diego Community Power, I believe that the Five-Year agreement term will ensure that the franchise winner acts in good faith as a partner with the City.

Thank you for your consideration of my priorities, please feel free to contact my office with any questions.

CC: Honorable Mara Elliott, City Attorney

Andrea Tevlin, Independent Budget Analyst

Jessica Lawrence, Director of Policy, Office of Mayor Todd Gloria

