SF green public power launch gets price tag: $19.5 million

By: Joshua Sabatini  |  10/02/11 4:00 AM
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San Francisco’s ambitious public power launch would take $19.5 million, according to a new report that pins down for the first time the program’s startup budget.

The City is negotiating with Shell Energy North America to run CleanPowerSF, a public power program to supply residents with a 100 percent green-energy alternative to PG&E.

The effort, which began more than seven years ago and has cost almost $3 million just for planning, has hit several snags. Most recently, the San Francisco Public Utilities Commission postponed in July a vote on the contract term sheet amid concerns about the financial risk.

A vote on the term sheet is scheduled for Oct. 11. If ultimately approved by the Board of Supervisors, the program is expected to launch in mid-2012.

The start up costs include putting $15 million in an escrow account for a payout to Shell if the program is terminated before the contract expires in 4 1/2 years. And $4 million would sit in a reserve account to “mitigate potential program risks,” according to an SFPUC report.

“The $19.5M ... is only collateral,” said Tyrone Jue, SFPUC spokesman. “We fully expect CleanPowerSF to be successful without the need to expend any of this money.”

Under the program, The City’s residential power customers would be enrolled in CleanPowerSF with the chance to opt out. About 75,000 of the 280,000 residential accounts are expected to remain with the new CleanPowerSF program.

CleanPowerSF will cost an average of $7 to $15 more than PG&E per month for most residential customers. Initially, rates were promised to “meet or beat” those of PG&E.

The SFPUC and the Local Agency Formation Commission have scheduled a joint meeting Oct. 11. Supervisor David Campos, who chairs LAFCO, said his “hope” is the term sheet will be approved then and sent to the Board of Supervisors for a vote.

CleanPowerSF is a community choice aggregation program allowed under a 2002 state law. Marin County was the first municipality to adopt a program, which also is run by Shell.

**What is CleanPowerSF?**

- It's a community choice aggregation program allowed under state law where cities and counties can purchase their own electricity.
- Residential PG&E customers are automatically signed up and must opt out to remain with PG&E.

**100%:** Electricity from renewable sources under CleanPowerSF

**16%:** PG&E electricity from renewable sources

**$7-$15:** Extra cost from PG&E rates for most CleanPowerSF residential customers

**Oct. 11:** Date SFPUC expects to vote on term sheet

*Source: SFPUC*

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People throughout Stanislaus County next year could vote on broad growth policies, a major step that might pit landmark farmland preservation against property rights.

Traditional resistance to rules corralling sprawl seems to be melting away, said mayors of the county’s nine cities after meeting a few days ago to pursue a campaign that some call epic.

The centerpiece: urban growth boundaries, or imaginary lines around each city beyond which they could not grow before 2050.

"Quite frankly, it's pretty historical to have this dialogue," said Patterson Mayor Luis Molina, echoing comments from several participants after Wednesday’s session. It brought together mayors, city managers and planning directors from across the county.

"There was a spirit of cooperation and seeing what we can do together," Molina added.

Participants agreed to frame the initiative as agricultural preservation, a nod to the region's farming heritage and enduring economic backbone.

Each city will draw its own urban limit proposal. Landowners and others should be given every opportunity to weigh in, mayors say.

"This will create a lot of discussion," predicted Ceres Mayor Chris Vierra, the host of Wednesday's summit. "This is going to bring out people on both sides of the spectrum."

Some have gotten the ball rolling. The Turlock, Ceres and Riverbank city councils, for example, recently tasked their planning commissions with holding hearings and producing suggestions. Planning commissioners in Modesto will take up the issue Monday; in Hughson, Tuesday; and Waterford, later this month. Molina is scheduled to brief his council Tuesday.

"Just the fact we're getting it going is a good sign," said Waterford Mayor Charlie Goeken. "We can't just live like a little island, only worried about our city."

Turlock Mayor John Lazar said, "I'm encouraged, frankly, that this is one of the first times the county and mayors are being proactive, discussing an issue this important to our region."
Officials say the idea's champion is Modesto Mayor Jim Ridenour. But he missed the meeting, having been hospitalized with a serious infection four days earlier.

City Manager Greg Nyhoff took a facilitating role Wednesday. "It's absolutely fantastic from a perspective of regional planning," he said. "It's great for ag preservation. Now you don't have to guess what part of the county is going to grow. Until 2050, this is it."

**Little success with past efforts**

Broad-based attempts, formal and otherwise, at curbing sprawl have met with little success over the years, ranging from countywide "visioning" to former Gov. Schwarzenegger's Partnership with the San Joaquin Valley to the San Joaquin Valley Blueprint process.

Private groups have sponsored various initiatives, including Measure E passed by countywide voters in 2008 and Measures A and M approved by Modestans in 1979 and 1997.

Former Modesto Councilman Denny Jackman, arguably the area's most enduring controlled growth supporter, and the Farmland Working Group presented Modesto leaders with an urban limit proposal last year. Jackman believes it stalled for political reasons.

"Our representatives should represent us, but they haven't so far; they've just ignored it," Jackman said. "They always talk a good line. But where is it? I'm going to reserve judgment until I see it."

People should have something to see by mid-November, when city and county representatives are scheduled to meet again with lines proposed by each agency. They are expected to make a pitch to the Stanislaus Local Agency Formation Commission, which oversees shifting of all city boundaries.

That agency prompted the push when then-Chairman Jim DeMartini, also a county supervisor, in October suggested that LAFCO consider adopting the county's new agriculture mitigation policy. It requires that farmland equal to acreage needed for new subdivisions be permanently preserved.

Wednesday's participants turned aside from that idea partly because such a rule theoretically could allow half of the county to become a giant city. Urban limits would better constrict sprawl, they say.

"With ag preservation, we're looking at preserving far more," Goeken said.

County representatives have been closely watching.
"I think the county's concern is just being clear about what it all means," said Kirk Ford, the county's planning director. "What does it mean to the way we do business? Do we change anything? How does it impact our ability to grow?"

**Some cities look to general plans**

Some cities have signaled that their general plan lines could serve as urban limits until 2050. Newman, for example, recently updated its general plan, a document guiding growth, "and we feel like we're a step ahead," said Mayor Ed Katen.

Modesto's 1995 general plan includes 12,550 vacant acres for growth — half the city's current size — including 6,800 acres envisioned for homes. Modesto could build for 35 years at its historic growth rate without running out of land, says a report going before planners Monday.

Although specifics have yet to emerge, all participants contacted by The Bee were upbeat. Riverbank Mayor Virginia Madueño called the summit "incredibly productive."

"I think everyone sitting at the table has a common goal," said Vierra. "It's refreshing that nobody was combative at all."

"We all felt it's time to work together and come up with something we feel we can move forward," Goeken said. "Ag is an important part of our county and we want to do our best to preserve it, and manage growth where everything fits properly and considers the big picture."

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Newman planners to review growth lines

By Mattos Newspapers
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NEWMAN — City planners will look to the future tonight (Thursday), when they are asked to make a recommendation on establishing an urban growth limit that would be incorporated into a proposed countywide ag land preservation measure.

Each of Stanislaus County’s nine cities and the county itself are developing proposed growth limits which could go to a countywide vote as early as next year and, if approved, set those boundaries as urban growth limits through the year 2050.

In Newman — the only Stanislaus County city that has an adopted general plan — the question may come down to that of whether the recently adopted general plan boundaries should serve as that limit or if the city should set aside a larger area for potential growth.

The Planning Commission recommendation will be forwarded to the City Council for a final decision.

The nine mayors of Stanislaus County cities have developed the proposal as an ag preservation alternative to approaches such as an ag mitigation mandate that an acre of farmland be set aside for each acre of land developed for urban use.

While other cities may have to draw the lines, Holland and Mayor Ed Katen suggested Newman’s existing general plan sphere would suffice as its proposed growth limit.

That sphere stretches to Stuhr Road on the north, Draper Road to the west, Hallowell Road to the south and the county line to the southeast, and would accommodate an eventual population of 35,000 to 40,000.

Holland said the city would not envision approaching that build-out during the time period involved, but that the area involved provides flexibility and local control.

“The challenge is that nobody knows what is going to happen in the future,” the city manager explained. “Within those boundaries, we would still maintain local control at the City Council level. We’re saying we wouldn’t grow past those limits in the next 38 years, but we still want to retain local control.”

“Even if we had another boom, I don’t know that we would ever meet that growth, but you have plan for it if it does happen,” Katen commented.

The council recently reviewed the proposed farmland preservation measure.
During that meeting, Supervisor Jim DeMartini cautioned the city to be realistic in setting its growth boundaries, and not simply carve out large areas.

Given the city’s growth history, DeMartini suggested, setting the growth boundary at the larger planning area which encircles the existing general plan sphere would not be realistic.

“If we don’t look at it seriously, we’re going to be like Silicon Valley,” he stated. “Don’t put boundaries out there so far that you can’t realistically meet them.”

But cities must be able to set their own sphere of influence, Katen noted. “The important thing I see happening is a dialogue” involving the cities, county and Local Agency Formation Commission (LAFCO), a powerful land use agency which must approve general plans and annexations, the mayor added.

Holland agreed that every agency involved must set realistic boundaries for the proposed measure to be palatable for voters and to effectively preserve ag land.

That includes the county, said Holland, pointing to large areas around Diablo Grande and the Crows Landing air base which have been identified as possible growth areas by the county.

Tonight, though, Newman’s boundaries will be the topic of discussion.

Holland and Katen reiterated that they would both be comfortable identifying the current sphere as the growth limit for the next 38 years rather than pushing that line out further – but neither advocate adopting a growth limit smaller than the existing general plan sphere, even if they don’t foresee growing out to those lines in coming decades.

The plan is a blueprint of growth through 2030 and reflects the communities wishes, Katen pointed out.

“We think we’re doing our part already with ag land preservation,” Katen commented. “We don’t feel that we’re encroaching on prime farm land, and that’s not our intent. As far as we are concerned, we already know what we would like and what our community wants Newman to look like.”

The Planning Commission meeting begins at 7 p.m. in the council chambers, 1200 Main St.