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Agenda

Date: February 20, 2020
Subject: NCPA Commission Meeting
Location: NCPA, 651 Commerce Drive, Roseville, California, 95678
Time: 9:30 am

The Commission may take action on any of the items listed on this Agenda regardless of whether the matter appears on the Consent Calendar or is described as an Action Item, a Report or an Informational Item. This agenda is supplemented by Staff Reports which are available to the public upon request. Pursuant to California Government Code Section 54957.5, the following is the location at which the public can view Agendas and other public writings: NCPA Offices, 651 Commerce Drive, Roseville, California, or www.ncpa.com.

Time estimates are provided as part of the Commission's effort to manage its time at Commission meetings. Listed times are estimated only and are subject to change at any time, including while the meeting is in progress. The Commission reserves the right to use more or less time on any item, to change the order of items, and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public. To ensure participation in a particular item, we suggest arriving at the beginning of the meeting and remaining until the item is called.

Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.

REVIEW SAFETY PROCEDURES

1. *Call Meeting to Order and Introductions (9:30 – 9:35 am)*
2. *Approve minutes of the January 16, 2020, Regular Commission and the January 27, 2020, Special Commission Meetings (9:35 – 9:40 am)*

PUBLIC FORUM

Any member of the public who desires to address the Commission on any item considered by the Commission at this meeting before or during the Commission's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so. Any member of the public who desires to address the Commission on any item within the jurisdiction of the Commission and not listed on the Agenda may do so at this time.

OPEN SESSION

REPORTS AND COMMITTEE UPDATES (9:40 – 10:15 am)

3. General Manager's Business Progress Report and Update
4. Executive Committee
5. Facilities Committee
6. Finance Committee
7. Legal Committee
8. Legislative & Regulatory Affairs Committee
9. Members' Announcements & Meeting Reporting

CONSENT CALENDAR (10:15 – 10:20 am)

All items on the Consent Calendar are considered routine and will be approved without discussion by a single roll call vote. Any Commissioner or member of the public may remove any item from the Consent Calendar. If an item is removed, it will be discussed separately following approval of the remainder of the Consent Calendar. Prior to the roll call vote to approve the Consent Calendar, the Commissioners will be polled to determine if any Member wishes to abstain from one or more items on the Consent Calendar.

10. NCPA's Financials for the Month Ended December 31, 2019 – approval by all members.

11. Treasurer's Report for the Month Ended December 31, 2019 – accept by all members.

12. NCPA's Financials for the Month Ended January 31, 2020 – approval by all members.

13. Treasurer's Report for the Month Ended January 31, 2020 – accept by all members.

14. Disposal of the Northern California Power Agency Surplus Property – not and file by all members for disposal of the following: Scrap metal (Lodi Energy Center); 1 VT 100 Terminal (Hydroelectric); 3 56K CSU/DSU (Hydroelectric); 1 2007 Chevy Silverado 3500 with crane (Geothermal); and 1 2005 Ford F350 Supercab with crane (Geothermal).

Fiscal Impact: This report has no direct fiscal impact on the Agency.

15. Resolution 20-23, Approve Amendments to NCPA's Investment Policy and Guidelines Policy 200-100 – adopt resolution by all members approving the changes to the NCPA Investment Policy No. 200-100 as follows: 1) updates to the Permitted Investments attachment; and 2) updated note on Credit Ratings Comparison.

Fiscal Impact: Staff believes with the proposed amendments to the Investment Policy, there is the potential of adding approximately \$200,000 additional interest income and member savings through a reduction of current liquidity (determining what is adequate and matched with current cash flow requirements) and implementing a diversified portfolio of investments.

- 16. Accept Debt and Interest Rate Management Report – December 31, 2019** - accept and file by all members the Debt and Interest Rate Management Report for the period ending December 31, 2019.
- Fiscal Impact:** The total projected savings over the life of the interest rate swaps was \$13.9 million at the inception of these agreements. Total projected savings through December 31, 2019, was \$6.9 million with actual results at \$11.9 million. The difference between expected savings and actual savings is due to “basis risk”, or the difference between what NCPA pays on the variable rate bonds and the index rate used in the swap transaction. Total basis risk to date is positive, resulting in additional savings over those expected of \$5 million. Staff continues to monitor the potential for refinancing these bonds and terminating the swaps, however, the large mark-to-market payment due to Citibank, N.A. of over \$16.8 million (net) is making a potential refund not a feasible option at this time.
- 17. Resolution 20-22, Updates and Modifications to the Nexant Cost Allocation Model for FY2021** – adopt resolution by all members adopting the updates and modifications to the Nexant Model as proposed by staff in order to allocate budgeted costs to members for Fiscal Year 2021.
- Fiscal Impact:** The recommended adjustments will result in a change to all applicable members’ allocated share of Power Management costs by varying amounts. Table 2 of Appendix A provides indicative changes in allocated Nexant Power Management costs to members based on current Fiscal Year 2020 budget after applying updated Calendar Year 2019 determinants to the model in addition to the modifications described in Table 1 as presented at the February 5, 2020, Facilities Committee meeting.
- 18. Resolution 20-14, Industrial Door Company – Five Year Multi-Task General Services Agreement for Commercial and Industrial Door Services; Applicable to the following projects: All Northern California Power Agency (NCPA) Facilities, NCPA Members, Southern California Public Power Authority (SCPPA), and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Industrial Door Company for commercial and industrial door maintenance services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years, for use at all facilities owned and/or operated by NCPA, NCPA Members, by SCPPA, or by SCPPA Members.
- Fiscal Impact:** Upon execution, the total cost of the agreement is not to exceed \$500,000 over five years. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.
- 19. Resolution 20-15, Farwest Insulation Contracting – First Amendment to Five Year Multi-Task General Services Agreement; Applicable to the following projects: All Northern California Power Agency (NCPA) Facilities, NCPA Members, Southern California Public Power Authority (SCPPA), and SCPPA Member** – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Farwest Insulation Contracting, with any non-substantial changes as recommended and approved by the NCPA General Counsel, increasing the not to exceed amount from \$500,000 to \$3,500,000, for use at all facilities owned and/or operated by NCPA, NCPA Members, by SCPPA, or by SCPPA Members.
- Fiscal Impact:** Upon execution, the total cost of the agreement is not to exceed \$3,500,000 over the existing five year term through December 6, 2024, to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.
- 20. Resolution 20-16, Maxim Crane Works, L.P. – First Amendment to Five Year Multi-Task General Services Agreement; Applicable to the following projects: All Northern California**

Power Agency (NCPA) Facilities, NCPA Members, Southern California Public Power Authority (SCPPA), and SCPPA Members – adopt resolution by all members authorizing the General Manager or his designee to enter into a First Amendment to the Multi-Task General Services Agreement with Maxim Crane Works, L.P., with any non-substantial changes as recommended and approved by the NCPA General Counsel, increasing the not to exceed amount from \$500,000 to \$1,500,000, for use at all facilities owned and/or operated by NCPA, NCPA Members, by SCPPA, or by SCPPA Members.

Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed amount to \$1,500,000 over the existing five year term through April 4, 2021. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

21. Nalco Company, LLC – Ten Year Multi-Task General Services Agreement for Specialty Chemicals and Services; Applicable to the following projects: All Northern California Power Agency (NCPA) Facilities – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Nalco Company, LLC for specialty chemicals and services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$2,500,000 over five years with options to extend for up to a total of ten years, for use at all facilities owned and/or operated by NCPA.

Fiscal Impact: Upon execution, the total cost of the agreement is not to exceed \$2,500,000 over five years, with options to extend the agreement for five additional years for a total of ten years, to be used out of the NCPA approved annual operating budgets. Purchase orders referencing the terms and conditions of the agreement will be issued following NCPA procurement policies and procedures.

Consent Items pulled for discussion: _____

DISCUSSION / ACTION ITEMS (10:20 – 11:00 am)

22. Resolution 20-13, Approval of the Services Agreement between Northern California Power Agency and Nevada Irrigation District – adopt resolution by all members approving of the Services Agreement between the Northern California Power Agency (NCPA) and Nevada Irrigation District (NID) (the Service Agreement), pursuant to which NCPA will supply scheduling, control center, and reliability standards compliance services to NID, including any non-substantive modifications to the Services Agreement as may be approved by NCPA's General Counsel. Staff also recommends that the Commission authorize NCPA's General Manager to execute the Services Agreement, acting on behalf of NCPA, including any non-substantive modifications to the Services Agreement as may be approved by NCPA's General Counsel.

Fiscal Impact: In consideration for NCPA's provision of services, NID shall pay NCPA an amount equal to approximately Thirty Four Thousand Dollars (\$34,000.00) for Services rendered during the first one (1) year period. For each subsequent one (1) year period during the term of the Agreement, the amount charged to NID will be escalated at a rate of two percent (2%) per year.

23. Resolution 20-18, NCPA Hydroelectric Wildfire Mitigation Project; Applicable to the following projects: NCPA Hydroelectric Facility – adopt resolution by all members authorizing the NCPA Hydroelectric Wildfire Mitigation Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the project in accordance with NCPA purchasing policies and procedures, without further approval by the Commission, for a total not to exceed amount of \$3,000,000, and authorizing use of up to \$3,000,000 in existing Hydroelectric Capital

Development Reserve collections to fund the project, and acknowledging that the Hydroelectric Capital Development Reserve will need to be replenished in future budget years.

Fiscal Impact: The total cost of the NCPA Hydroelectric Wildfire Mitigation Project is anticipated to not exceed \$3,000,000. Funds for this project were not included in the approved FY19-20 Hydroelectric Project Budget. Staff recommends authorizing use of up to \$3,000,000 in existing Hydroelectric Capital Development Reserve collections for the Wildfire Mitigation Project. Additional Capital Development Reserve collections will be proposed in future Hydro Project budgets to refund the Capital Development Reserve account (as needed) for the upcoming McKays Sediment Removal project.

- 24. Resolution 20-19, NCPA Geothermal Wildfire Risk Mitigation Project** – adopt resolution by all members authorizing the NCPA Geothermal Wildfire Mitigation Project and delegating authority to the General Manager or his designee to award bids, execute agreements, and to issue purchase orders for the project in accordance with NCPA Purchasing Policies and Procedures, without further approval by the Commission, for a total not to exceed amount of \$450,000.

Fiscal Impact: The total cost of the NCPA Geothermal Wildfire Risk Mitigation Project is anticipated not to exceed \$450,000. Funds for this project were not included in the FY20 budget. Staff recommends using a portion of excess bond Reserve funds that was released when the final maturity of the 2009 Geothermal bonds was paid on July 1, 2019. The Reserve fund release was approximately \$3.5 million which would have been included as part of the FY20 annual settlements reconciliation. Therefore, no budget augmentation is required. Purchase orders referencing the terms and conditions of any agreements executed for work related to this project will be issued following NCPA procurement policies and procedures.

- 25. Amended Resolution 19-50, Lodi Energy Center Transformer Replacement Project Request for Additional Funds; Applicable to the following projects: Lodi Energy Center** – adopt resolution by all members authorizing additional funds for the Lodi Energy Center Transformer Project, increasing the total not to exceed amount of this project from \$4,000,000 to \$4,425,000, delegating authority to the General Manager or his designee to award bids, execute agreements, and issue purchase orders for the updated project amount, authorize the use of up to \$425,000 from the LEC Maintenance Reserve Fund, and acknowledging that the LEC Maintenance Reserve Fund will need to be replenished in future budget years.

Fiscal Impact: The Lodi Energy Center Transformer Replacement Project was considered and approved in the FY19-20 budget for \$4,000,000.

- 26. Resolution 20-11, Approval of Third Amendment to Employment Agreement with Jane E. Luckhardt, General Counsel** – adopt resolution by all members approving the Third Amendment to Employment Agreement between NCPA and Jane E. Luckhardt; authorize the Chair of Commission to execute the Third Amendment to Employment Agreement; and approve the General Counsel's Performance Goals for 2020.

Fiscal Impact: Funds are available in the Executive Services – Legal Salaries and Benefits account; there is no material change to the current fiscal year budget.

- 27. Resolution 20-21, Lodi Energy Center Turbine Restoration Project** – adopt resolution by all members authorizing expenditure of approximately \$46,000,000 (forty-six million dollars) for the Lodi Energy Center Turbine Restoration Project, delegating authority to the General Manager or his designee to award contracts, award bids, execute agreements, and issue purchase orders for this project to bring the Lodi Energy Center back into operation after the gas turbine failure on January 16, 2020.
Fiscal Impact: Preliminary discussions with insurance providers indicate a substantial portion of this cost will be covered by insurance.

CLOSED SESSION (11:00 – 11:30 am)

- 28. CONFERENCE WITH LEGAL COUNSEL** – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: *Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States*, Court of Federal Claims No. 14-817C.
- 29. CONFERENCE WITH LEGAL COUNSEL** – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: *In Re PG&E Corporation and Pacific Gas and Electric Company, Debtors; United States Bankruptcy Court, Northern District of California*, Case Nos. 19-30088 (Lead Case) and 19-30089 DM.
- 30. CONFERENCE WITH LABOR NEGOTIATORS AND PERFORMANCE EVALUATION** – a) Labor negotiations pursuant to Government Code section 54957.6: Agency representatives: NCPA Executive Committee Members and Assistant General Manager/CFO Monty Hanks; Unrepresented Public Employee: General Counsel; and b) Performance evaluation pursuant to Government Code Section 54957: Unrepresented Public Employee: One Category: General Counsel.

OPEN SESSION

REPORT FROM CLOSED SESSION

NEW BUSINESS

ADJOURNMENT