

RESOLUTION NUMBER R- 314076DATE OF FINAL PASSAGE MAY 03 2022A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN DIEGO AUTHORIZING THE ESTABLISHMENT OF  
AN ENERGY INDEPENDENCE FUND.

WHEREAS, Section 1 of the San Diego City Charter provides that the City may furnish gas and electric services to customers within the City as municipality; and

WHEREAS, Section 103 of the City Charter provides that the City Council may grant franchises by ordinance to persons or companies for the provision of gas and electric service to customers within the City; and

WHEREAS, the City historically has not provided municipal gas and electric service but has granted franchises to the San Diego Gas and Electric Company (SDG&E) and its corporate predecessors to provide gas and electric service to customers in the City; and

WHEREAS, on June 8, 2021, the City Council adopted San Diego Ordinance O-21327 and O-21328 granting gas and electric franchises (2021 Franchises) to SDG&E having an initial term of years with an automatic second ten-year term that is subject to provisions reserving to the City the right to terminate the franchises early, or upon or after the commencement of the secondary term on stated conditions; and

WHEREAS, the 2021 Franchises provide for SDG&E to pay the City a Bid Amount of \$70 million for the electric franchise and \$10 million for the gas franchise according to phased payment schedules, including requirements for the City to pay partial refunds of the Bid Amounts to SDG&E under specified circumstances if either of the franchises is terminated by the City prior to the expiration of the second ten-year term; and

WHEREAS, prior to the grants of franchises in 1970 and 2021 the City commissioned consultant studies which in part addressed the alternative of the City becoming a gas and electric municipal utility, however these studies were constrained by the expiring terms of existing franchises; and

WHEREAS, the City's interests in energy independence indicate it should have the ability to pursue further studies of the advantages and disadvantages of acquisition of the SDG&E electric and/or gas systems for municipal ownership and operation prior to the imminent expiration of the initial term of the 2021 Franchises; and

WHEREAS, to more purposely and deliberately consider the advantages and disadvantages of providing municipal gas and electric services without the exigence of expiring franchises, the City should position itself to do so before the expiration of the ten-year initial term of the 2021 Franchises; and

WHEREAS, to better preserve the City's options for gas and electric service at the ten-year mark of the 2021 Franchises, or at any time, the City may set aside portions of the Bid Amounts to be available for the purpose of paying refunds for early termination of the franchises; and

WHEREAS, the City's own energy independence for its municipal facilities remains an important goal regardless whether the 2021 Franchises are left in force for their full initial and secondary terms; and

WHEREAS, the words "municipalization" and "municipal" in this Resolution shall be interpreted in the broadest sense including, but not limited to, gas and electric transmission, distribution, and commodity service delivered by a City department, City enterprise fund, special district, or joint powers authority; and

WHEREAS, expanded use of microgrids and distributed renewable energy are additional means toward the City's energy independence; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor, or his designee, is authorized to establish a separate interest-bearing account for an Energy Independence Fund (EIF).

BE IT FURTHER RESOLVED by the Council of the City of San Diego that, through the City's annual budget process, the Mayor and Council may allocate funding from any source of revenue, but at a minimum, should allocate a 20% (twenty percent) portion of every Bid Amount payment received from SDG&E under the 2021 Franchises into the EIF, unless waived by Council.

BE IT FURTHER RESOLVED, that the expenditures from the EIF shall be limited to any or all of the following purposes:

1. To pay refunds of Bid Amounts to SDG&E for early termination of the 2021 Franchises.
2. To retain energy consultants, financial advisors, or other professionals to assist the City in studying the advantages, disadvantages, and timing of possible municipalization of gas and electric transmission, distribution, and commodity service, including any effects or ramifications to City's Climate Action Plan or Climate Resilient SD Plan objectives and the City's role as a Community Choice Aggregator for electric commodity service as a member of San Diego Community Power (Services).
3. To pay development costs of City owned municipal renewable distributed generation, energy storage projects, and microgrids within the City (Projects).

BE IT FURTHER RESOLVED, that the Mayor's Office shall include recommendations on the allocation of EIF funds to these purposes in its annual budget proposals for each fiscal year and include a written explanation for each Service or Project receiving EIF funds, including

why it was chosen and its projected impact on City energy independence and climate action objectives.

BE IT FURTHER RESOLVED, that the Council and Mayor's Office shall seek input from the Sustainability and Mobility Department and the Office of Race and Equity, or their successors, on the Services or Projects receiving EIF funds.

BE IT FURTHER RESOLVED, that the Mayor's Office shall provide an annual report of EIF allocations and project status to the appropriate Council Committee by January 1 of each year.

BE IT FURTHER RESOLVED, that funding for the EIF shall be allocated through the annual budget process. If the Mayor determines that anticipated revenues in any fiscal year will be insufficient to maintain existing City services, the Mayor may ask the City Council to temporarily suspend compliance with this Resolution for the upcoming fiscal year by a majority vote of the City Council. Compliance with this Resolution is not intended to abrogate or alter the duties, obligations, and prerogatives of the City Council in the preparation and passage of the Annual Appropriation Ordinance pursuant to San Diego Charter section 71.

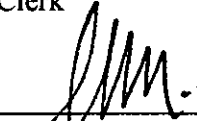
APPROVED: MARA W. ELLIOTT, City Attorney

By /s/ Frederick M. Ortlieb  
Frederick M. Ortlieb  
Senior Deputy City Attorney

FMO:cw  
04/06/22  
Or.Dept: Districts 1 and 9  
CC No.: N/A  
Doc. No.: 2905815

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 19 2022.

ELIZABETH S. MALAND  
City Clerk

By  \_\_\_\_\_  
Deputy City Clerk

Approved: 5/3/22  
(date)

 \_\_\_\_\_  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on APR 19 2022, by the following vote:

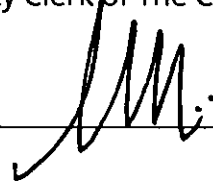
Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 03 2022

**(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)**

AUTHENTICATED BY: TODD GLORIA  
Mayor of The City of San Diego, California.

(Seal) ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- 314076