



## City Council Agenda Item

**City Council Meeting Date:** January 16, 2024

**TO:** Dean Albro, City Manager

**FROM:** Brad Wilkie, Utility Director  
b\_wilkie@ci.lompoc.ca.us

**SUBJECT:** First Amendment To Central Valley Project Corporation Membership Agreement; Adoption of Resolution No. 6630(24)

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### **Recommendation:**

Staff recommends the City Council:

- 1) Approve the First Amendment To Central Valley Project Corporation Membership Agreement (First Amendment) (Attachment 1);
- 2) Adopt Resolution No. 6630(24) authorizing the execution of the First Amendment to Central Valley Project Corporation Membership Agreement and authorizing the Mayor, City Manager, and/or the Utility Director to execute future extensions of the Central Valley Project Corporation Membership Agreement.

### **Background:**

The City originally entered into the Central Valley Project Corporation (CVP Corp) Membership Agreement (Agreement) (Attachment 3) dated effective August 8, 2003, following the adoption of Resolution No. 5106(03) at the City's regular City Council meeting held on August 5, 2003. The City is one of several Northern California Power Agency (NCPA) members that elected to be participants (Participants) in the CVP Corp. The CVP Corp was formed for the benefit of, and to carry out the purposes of, the Participants by helping the Participants achieve cost savings and efficiencies; facilitating customer involvement, and conducting joint actions as directed by the Participants.

The United States of America, Department of Energy, Western Area Power Administration (WAPA) and CVP Corp entered into Contract 03-SNR-00583 (Funding Contract) on June 25, 2003. This Funding Contract allows the City to maximize its WAPA resource to the benefit of the City's electric utility customers. Each Participant has entered into a 2025 Base Resource Contract with WAPA for a percentage of WAPA's

Base Resource power for deliveries beginning January 1, 2025, for a maximum term of 30 years.

**Discussion:**

The CVP Corp Agreement's term currently corresponded with the WAPA Base Resource Contract that expires December 31, 2024. The Participants now desire to amend the Agreement to extend the term of the Agreement for an additional 10-year period from the original expiration date of December 31, 2024, to a new date of December 31, 2034.

The City's original Resolution No. 5106(03) did not anticipate the extension of the WAPA Base Resource Contract beyond December 31, 2024, and only allowed the Mayor to execute the Agreement. As such, the City Council is required to approve the First Amendment as well. As the 2025 WAPA Base Resource Contract could be in effect until 2055, additional term extensions are likely to the CVP Corp Agreement. Resolution No. 6630(24) authorizes the City Manager or their designee to approve future extensions of the CVP Corp Agreement.

The CVP Corp Board approved the 10 year extension (Extension Letter) on October 3, 2023 (Attachment 4).

**Fiscal Impact:**

There is no General Fund impact due to executing the First Amendment. Any costs associated with participation in the activities of the CVP Corp are included in the City's Electric Utility budget for Fiscal Years 2023-25.

**Conclusion:**

Participation in the CVP Corp provides the City with a resource to efficiently and effectively use its share of WAPA Base Resources. Execution of this First Amendment will continue these benefits for the next 10 years.

Respectfully submitted,

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Brad Wilkie, Utility Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Dean Albro, City Manager

January 16, 2024

Central Valley Project Corporation Membership Agreement

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- Attachments:
- 1) First Amendment To Central Valley Project Corporation Membership Agreement
  - 2) Resolution No. 6630(24)
  - 3) 2003 Agreement
  - 4) Extension Letter