



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 25-417

Meeting Date: 9/2/2025

TITLE:

REQUEST FOR CITY COUNCIL DIRECTION REGARDING THE RESULTS OF THE ORANGE COUNTY POWER AUTHORITY (OCPA) FEASIBILITY STUDY

DEPARTMENT: CITY MANAGER'S OFFICE

PRESENTED BY: CECILIA GALLARDO-DALY, INTERIM CITY MANAGER

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RECOMMENDATION:

Staff is requesting that the City Council:

1. Receive and file the feasibility study conducted by the Orange County Power Authority (OCPA) and the corresponding presentation led by OCPA;
2. Provide direction on the substantial staff research required to evaluate joining OCPA; and
3. Direct staff to identify available funding for any costs associated with Costa Mesa's potential membership in OCPA.

BACKGROUND:

The City of Costa Mesa previously considered joining the Orange County Power Authority (OCPA) in early 2020. After much deliberation, at the regular City Council meeting on November 17, 2020, the City Council voted to have the City Manager and City Attorney negotiate the final terms of the agreement with OCPA. However, due to the precedence of the COVID-19 pandemic and the leadership structure of the OCPA at the time, the City did not execute an agreement with OCPA.

In early 2024, representatives from OCPA and several Council Members requested the reconsideration of an agreement between the City of Costa Mesa and OCPA, given the experience gained by OCPA over the years since its inception. At the regular City Council meeting on July 16, 2024, the City Council approved OCPA to access Costa Mesa's electrical load data in order to conduct a feasibility study for the City's potential membership in OCPA. Additionally, the City Council directed OCPA to present the results of the study to the Finance and Pension Advisory Committee (FIPAC).

The feasibility study conducted by OCPA analyzed the historical load consumption data of Southern California Edison (SCE) customers within Costa Mesa, including a prospective outlook for users in Costa Mesa. Current OCPA rates for residential and commercial customers are included for

reference, as well as OCPA's Fiscal Year 2025-26 Operating Budget. In mid-2025, OCPA staff met with City staff and Council Members Marr and Reynolds to discuss the feasibility study and an estimated timeline of Costa Mesa's potential membership in OCPA.

OCPA will present the results of the feasibility study at the September 2, 2025, regular City Council meeting.

ANALYSIS:

With the completion of OCPA's feasibility study, staff must conduct thorough due diligence and substantial research to determine the effects of Costa Mesa's potential membership in OCPA. Therefore, staff is requesting that the City Council provide further direction, in accordance with City Council Policy 300-6.

According to City Council Policy 300-6, proposals with substantial research must be brought forward to the full City Council for formal consideration. To assess the impacts of OCPA membership to the City of Costa Mesa and its residents and businesses, staff would need to conduct substantial research in the following areas:

- An **independent, third-party review** of OCPA's feasibility study, including, but not limited to, an analysis of OCPA's operating budget, proposed rate structure, and the risks and benefits to the City and to prospective users.
- An analysis of the **staff resources** required in order to support the City's membership in OCPA, including, but not limited to, a dedicated City staff member to act as a project manager with OCPA to liaise with the preparation and launch of the program in Costa Mesa, a comprehensive public education plan suitable for all demographics, and any ongoing administrative needs.
- An analysis of the **funding** required, including, but not limited to, the costs of the independent third-party review, the costs associated with a public education plan and campaign throughout the city, and any ongoing administrative costs.
- A review of the **rate of success** of the program implemented in surrounding member cities of OCPA, including an assessment of surrounding cities that have considered/are considering joining OCPA.

Upon completion of the research, staff would provide recommendations to the City Council regarding potential membership in OCPA, which would include:

- The final feasibility study conducted by OCPA, including documents not yet received from OCPA, such as a three-to-five-year rate trajectory for user rates;
- The results of an independent, third-party review of OCPA's feasibility study;
- Identification of the staff member(s) that will assist in liaising with OCPA and the roll out of the program;

- A request to appropriate the necessary funds to cover any associated costs of substantial research and program implementation;
- The results of the review of rate of success in surrounding cities; and
- Any recommendations provided by FIPAC, as directed by the City Council at the July 16, 2024, meeting.

The substantial staff research conducted would provide the City Council with all the requisite materials necessary to be informed and prepared to consider Costa Mesa's membership with OCPA.

ALTERNATIVES:

The City Council may provide alternative direction to staff on the substantial staff research required to consider joining OCPA.

FISCAL REVIEW:

There is no fiscal impact with this action, however, should City Council provide direction to proceed with the third-party review, staff would identify an available funding source and request authority to appropriate funds.

A full fiscal impact analysis to the City of Costa Mesa's budget will be provided upon further direction by the City Council should they wish to explore the utilization of a third-party reviewer. Funding for the review of OCPA's feasibility study was initially budgeted in the Citywide Community Choice Energy project in the Capital Improvement Fund (Fund 401); however, these funds were deferred in Fiscal Year 2024-25.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report and approved it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- Advance environmental sustainability and climate resiliency.

CONCLUSION:

The City Council has previously considered joining the Orange County Power Authority. Currently, OCPA has conducted a feasibility analysis based on SCE load data. The City Council may direct staff to evaluate the feasibility study with a third-party reviewer prior to determining whether to join OCPA.