

August 30, 2023

Gary Thompson, Executive Officer
Riverside County Local Agency Formation Commission (LAFCO)
6216 Brockton Avenue Suite 111 B
Riverside, CA 92506
gthompson@lafco.org or info@lafco.org

Re: Alternative Governance and Electricity Services Study - Imperial Irrigation District

Dear Mr. Thompson,

The La Quinta City Council is submitting this comment letter in response to the March 2023 DRAFT Alternative Governance and Electricity Services Study – Imperial Irrigation District (Study), prepared by Dopudja & Wells Consulting (Consultant).

In February 1934, the Coachella Valley Water District (CVWD) and Imperial Irrigation District (IID) entered into a 99-year Agreement of Compromise, granting IID to be the electrical service provider for parts of the Coachella Valley located in Riverside County, California. Since this agreement expires on December 31, 2032, and the La Quinta residents and businesses receive electrical service from IID, we have a vested interest in the governance and delivery of services post 2032.

We are aware that this Study was commissioned as a result of legislation (AB 1021) introduced by former-Assembly Member Chad Mayes that outlined a governance structure that provided for fair representation of the IID customers within Riverside and Imperial Counties. Currently, the IID Board is comprised of members elected by Imperial County residents within defined geographic districts located only within Imperial County. There is no representation or voting rights for stakeholders within IID’s territory of Riverside County. While the legislation was vetoed, the Governor approved State funds to commission a study to evaluate “alternative governance and electrical services” post the IID/CVWD agreement.

In July 2021, also during and as a result of Mayes’ proposed legislation, IID formed the Coachella Valley Energy Commission (CVEC). CVEC is comprised of elected officials and at-large representatives of Coachella Valley energy stakeholders and its purpose is to determine the energy needs of the greater Coachella Valley portion served by IID and develop a long-term strategic plan, including governance, for continued energy service beyond 2032.

On May 1, 2022, Riverside and Imperial County LAFCOs and the California State Water Resources Control Board (State Water Board) entered into a \$500,000 Study Grant Agreement to conduct a study to evaluate alternative governance structures and or alternative electricity services currently provided by IID.

Exhibit A of that Agreement contains the Scope of Work and Schedule (page 7 of 18).

In Exhibit A, A.2., 3. Study Report, 3.1 Prepare an Initial Draft Study that includes:

3.1.1 An executive summary that includes background information on the Project, the issues and options to be analyzed, and recommendations for implementation.

3.1.2 An analysis section that includes a detailed discussion for each of the options and scenarios developed for the two issues required to be studied.

3.1.3 A conclusion and recommendations section that synthesizes the analysis into an overall recommendation for the most cost effective and efficient implementation scenario for each required option.

In March 2023, LAFCO published the Consultant's 159-page draft Study for public comment, which outlines multiple options with variations available to stakeholders in moving forward with a new contract.

Our Findings:

The Study does not include cost analyses or an overall recommendation for the "most cost effective" scenario. It does not include transitional cost and time frames, how funding is covered, and what new rates for service are estimated to be going forward. It does not provide "recommendations" at all. Instead, it lists options and information that were largely derived from the work conducted by CVEC since its inception in July 2021.

La Quinta has been and remains strongly committed to its participation and collaboration with CVEC, and supports CVEC's continuous efforts for engagement to identify viable electrical service alternatives and ensure proper representation of the Coachella Valley ratepayers as this process progresses. And, while governance issues and models are discussed with CVEC, the IID Board is still the authority for decision-making.

CVEC members, upon inquiry, were informed by IID staff during the July 27, 2023 CVEC meeting that the financial reports from IID became available too late to include in the Draft Study. CVEC members recommended that IID submit the financial information requested for the Study so that the Scope of Work requirements of the State Water Board Agreement can be met. We do believe, however, that the Study should have included cost analyses based on research that should have been performed by the Consultant.

Without the required information and critical cost analysis, a municipality cannot make an informed decision about the future of electrical service for its residents/businesses.

We ask that LAFCO fulfill its contractual obligation to meet the requirements as outlined in the State Water Board agreement as noted in Exhibit A – Scope of Work and Schedule.

With receipt of financial data from IID, that will provide critical information needed to determine the best "cost effective" option for our residents/businesses, we understand the financial analysis performed will be available for review no later than September 30, 2023. We also have learned that both Imperial and Riverside LAFCOs have authorized to extend the comment period to October 15, 2023. Thank you for making adjustments to the timeline and comment period.

We support a governance structure for electrical/power service that is representative of and inclusive of the Coachella Valley stakeholders that is separate from the current IID board representing Imperial County stakeholders for both water and power. We prefer a Coachella Valley board that represents the area divided into districts, with board members elected by registered voters of each district.

We would also like to see a governance structure that plans for and prioritizes ongoing maintenance of equipment, upgrading of outdated equipment, and proactive addition of substations as needed to ensure capacity to better serve existing ratepayers and new development. IID needs to be transparent as to issues critical to power delivery in both the short term and long term. The cities and impacted agencies need to be included in planning, site location, future transmission requirements, and path of those lines through the cities.

Increasing population, system reliability, aging infrastructure, capacity limitations, new development, frequent service outages, stable costs for ratepayers, and questions regarding timely implementation of capital improvements are among our top concerns. These concerns have driven the Coachella Valley stakeholders to request representation and provide oversight on electrical service matters. Thank you.

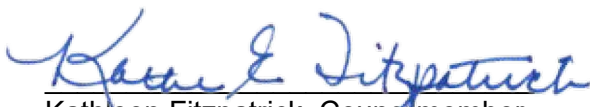
Sincerely,



Linda Evans, Mayor
City of La Quinta



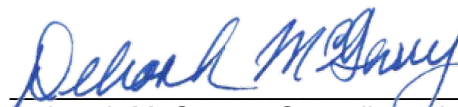
Steve Sanchez, Mayor Pro Tem
City of La Quinta



Kathleen Fitzpatrick, Councilmember
City of La Quinta



John Peña, Councilmember
City of La Quinta



Deborah McGarrey, Councilmember
City of La Quinta

Cc: Jon McMillen, City Manager, La Quinta