



**Better.**

July 30, 2020

San Diego City Council  
 City Administration Building  
 202 C Street  
 San Diego, CA 92101

RE: Support Centering Community and Equity in the Franchise Agreements

Dear Council President and Councilmembers,

On behalf of the signed organizations we urge you to center the community and equity in the City's electric and gas Franchise Agreements.

Since 1970, our utility has earned billions in profit without just compensation to the city and community. Worse, any fees paid to the city have been paid by ratepayers, not the utility shareholders. This injustice has resulted in a loss to the city of millions of dollars, and helped forego critical investments in our frontline communities most impacted by the climate crisis, while encouraging a dirty, unhealthy fossil fuel economy.

Today, we have a chance to right these wrongs. The current framework for the Franchise Agreements includes a Minimum Bid paid by the shareholders of the winning franchisee. This is a step in the right direction. To make this proposal equitable, we demand the following:

- 1) **The Minimum Bid must only be a cash payment.** According to the consultant report, the only way to ensure that the franchisee pays the Minimum Bid is with a cash payment. Allowing the utility to bifurcate the bid with a mixture of services and benefits will result in diluting the Minimum Bid and shifting the costs to ratepayers—increasing energy bills citywide and increasing the cost of living for families already economically stressed. This is a dealbreaker.
- 2) **The Minimum Bid must reflect the fair market value of the contract.** The current \$62 million Minimum Bid is set at less than 1% of the reported value of the \$37 billion agreements. Using the City’s own best practices for real estate and business transactions outlined in the consultant’s report, the City must raise the Minimum Bid to reflect fair market value compensation for exchanging our streets for corporate profit.
- 3) **The Minimum Bid must be placed in a separate Climate Action Plan (CAP) fund.** The Minimum Bid must be dedicated solely to CAP implementation, placed in a separate CAP fund—not the general fund—with no less than 50% of the funds directed to very low and low access to opportunity areas identified in the City’s [Climate Equity Index](#).
- 4) **The City must require a biennial audit of the energy utility, reviewed by a Community Oversight Committee.** To protect the City and San Diego families, the City must mandate biennial audits with set metrics and a Community Oversight Committee, to give the public a voice in holding our energy utility accountable.

These multi-billion dollar energy Franchise Agreements are a once-in-a-generation opportunity to align our climate, clean energy and equity goals, provide necessary funding to implement the City’s landmark Climate Action Plan, and increase accountability and community oversight of our energy utility. We urge you to accept a cash payment only, increase the Minimum Bid, dedicate the cash funds to equitable CAP implementation, and require biennial audits, to help all San Diegans. Thank you for your time and consideration.

Sincerely,

J.P. Bruner,  
Climate Committee Co-Lead  
**The Surfrider Foundation**

Gary Butterfield,  
Acting President  
**San Diego Veterans For  
Peace**

Paul Cleary,  
Executive Director  
**GRID San Diego**

Van K. Collinsworth,  
Director & Geographer  
**Preserve Wild Santee**

Benjamin Eichert,  
Director  
**Greenpower**

Laura Ann Fernea,  
Executive Director  
**City Heights CDC**

Justin Hammond,  
Co-Founder &  
Chief Energy Advisor  
**Hammond Climate  
Solutions**

Tara Hammond,  
Manager  
**Climate Hub**

Pamela Heatherington,  
Board of Directors  
**ECO San Diego**

Kyle Heiskala,  
Interim Executive Director  
**BikeSD**

Dave Hogan,  
Board Chair  
**Sierra Club San Diego**

Mikey Knab,  
Board Chair  
**Business for Good San  
Diego**

Joyce Lane,  
Co-Chair Public Policy Team  
**SanDiego350**

Jim Mahler,  
President  
**AFT Local 1931**

Sam Mezzeo,  
Partner  
**Better, APC**

Matt O'Malley,  
Executive Director  
**Coastkeeper San Diego**

Eddie Price  
Founder & CEO  
**San Diego Urban  
Sustainability Coalition**

Diana Ross  
Executive Director  
**MidCity-CAN**

Ramla Sahid,  
Executive Director  
**Partnership for the  
Advancement of New  
Americans**

Dan Silver,  
Executive Director  
**Endangered Habitats  
League**

Matthew Vasilakis,  
Co-Director of Policy  
**Climate Action Campaign**

Christopher R. Wilson  
Associate Director,  
**Alliance San Diego /  
Alliance San Diego  
Mobilization Fund**