



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell
Margaret McCahan

SUBJECT: SAN JOSE COMMUNITY ENERGY
DEPARTMENT STAFFING PLAN
REVISIONS

DATE: January 24, 2018

Approved

Date

1/24/2018

RECOMMENDATION

Approve the following revisions to the San José Community Energy Department staffing in 2017-2018:

- (1) Add the following position in 2017-2018:

<u>Job Classification</u>	<u>FTE</u>
Deputy Director (Director, Marketing/Public Affairs)	1.0

- (2) Delete the following positions in 2017-2018:

<u>Job Classification</u>	<u>FTE</u>
Public Information Manager (Director, Marketing/Public Affairs)	(1.0)
Senior Office Specialist	(1.0)

- (3) Accelerate the addition of the following positions from 2018-2019 to 2017-2018:

<u>Job Classification</u>	<u>FTE</u>
Deputy Director (Director of Power Resources)	1.0
Division Manager (Director of Administration & Finance)	1.0
Senior Analyst (Power Supply Compliance Specialist)	1.0
Senior Analyst (Account Services)	1.0

OUTCOME

Approval of the recommended staffing changes will allow the San José Community Energy Department (SJCE) to better ensure the successful launch of the new program. There is no net addition or deletion of positions to the initial 19.5 FTE that were identified upon approval of the adoption of the San José Clean Energy Implementation Plan on August 29, 2017. However, the total position count in 2017-2018 will increase from 8.0 to 11.0 FTE, while the total position count to be hired in 2018-2019 will decrease from 11.5 to 8.5 FTE. Overall, there will be no net change in the number of staff. In 2017-2018, the department will have sufficient salary savings to cover the additional costs associated with the proposed classification changes and the recruitment acceleration.

Additionally, there are several staffing changes recommended for 2018-2019, including: the deletion of 1.0 Principal Accountant and the addition of 1.0 Senior Accountant for the Finance Manager position; the deletion of 1.0 Senior Office Specialist in 2017-2018 and the addition of 1.0 Analyst in 2018-2019 for the Account Representative position; and the deletion of 2.0 Senior Analysts in exchange for the creation of 2.0 new classifications, a Power Resources Analyst and a Senior Power Resources Analyst, which will allow the program to be successful in attracting and retaining staff experienced in power procurement, operations, and analysis. These classifications are essential to ensuring the successes of the program and aligning expertise, salary levels, and experience with that of other community energy programs and local public power utilities. The positions to be added in 2018-2019 will be brought forward for City Council consideration as part of the 2018-2019 Proposed Budget.

BACKGROUND

The Department's initial staffing plan was developed prior to appointment of the Director. The need for some flexibility was anticipated, as was referenced in the Staffing Plan section of the memorandum to Mayor and City Council that was approved on August 29, 2017. Staff cautioned that, upon appointment of the Director, there was a possibility that new City classifications might need to be created or that the timing of hiring positions between fiscal years might need to be revised. After further review and analysis of the types of responsibilities to be overseen by each functional area and position as well as comparison of other Community Choice Aggregation (CCA) program structures in California, several changes are recommended.

The initial staffing plan for SJCE has only eight positions prior to launch of Phase 1 and did not address all the major functional areas. It was originally envisioned that contractual services would initially be used to manage certain functional areas. However, in reevaluating departmental operations, it is crucial to have skilled staff in all these key functional areas including: Marketing, Account Management, Data Management, Power Resources, Contracting, Rates, Finance, and Administration. The net addition of three positions in 2017-2018 will address this need.

These recommendations will re-structure the organization to have minimal staffing in each key functional area but with the appropriate expertise to ensure success. Some of the approved classifications lacked the necessary management and technical expertise.

ANALYSIS

The organizational structure of newly formed similarly-sized CCA's provide a good indication of the resource needs for SJCE. They also have prioritized hiring experienced staff in the key functional areas. To better align SJCE with this approach, the following adjustments are recommended.

Position Additions/Deletions:

Director of Account Management Marketing, and Public Affairs: Add 1.0 Deputy Director and Delete 1.0 Public Information Manager

The staffing plan for the Department originally included a Public Information Manager that would oversee all communications and marketing for the Department. It is recommended to replace this position with the Deputy Director as a broader skillset is needed. In addition to marketing and communications, the Deputy Director will oversee all account management, data, and billing services for the Department.

The Deputy Director will be responsible for all aspects of customer relations, account and billing services, business development, community engagement, as well as marketing and communications. He/she will provide direction, guidance, and review of community outreach plans as well as business development plans to increase customer participation and support customer retention. He/she will work collaboratively with City Council and the Community Advisory Commission to develop programs that are responsive to customer needs as well as oversee customer communications regarding rates and billing issues.

The Deputy Director will also oversee all internal and contracted services for data management, billing services, and the customer call center. He/she will manage the contractor and liaise with PG&E and customers to resolve all customer issues and ensure that the department is providing excellent customer service. In addition, this position will manage all press releases and will serve as a liaison with the media and community groups to ensure the department is responsive to community concerns. He/she will oversee all department marketing strategies and communications including: print, social media, e-newsletters, and the department's website. Similarly-sized CCA's have hired a Deputy Director to oversee these functional areas.

Account Representative: Add 1.0 Analyst (in 2018-2019) and Delete 1.0 Senior Office Specialist

The original staffing plan added a Senior Office Specialist position to perform the account representative function. However, upon further review of the tasks that will be completed by this position, an Analyst classification is more appropriate. This Senior Office Specialist position is more administrative in nature while this position is expected to perform more analytical

functions. The Department will contract with a service provider to manage a call center that will address the initial customer service inquiries and administrative needs of the department. The Department will need an account representative that is skilled at resolving complex problems related to account billing and communications. He/she will need to serve as a liaison with PG&E, the contracted call center, as well as internal departments to resolve problems, ensure clear communications with customers, and ensure the Department and contracted call center is responsive to their needs. The Senior Office Specialist position that was added in 2017-2018 to perform this function is recommended to be deleted in this memorandum. The addition of the Analyst position to support the Deputy Director and Senior Analyst with these functions will be brought forward in 2018-2019 as part of the Proposed Budget.

Finance Manager: Add 1.0 Senior Accountant and Delete 1.0 Principal Accountant

To fill the Finance Manager function, the Finance Departments recommends replacing the Principal Accountant position with a Senior Accountant as incumbents in the Principal Accountant class have a more complex scope and deeper level of responsibilities in managing and supervising major functional areas. A Senior Accountant is a more appropriate classification in that incumbents have the appropriate level of education, experience, and judgment to ensure the efficient and effective accounting and financial reporting of the assigned fiscal program area. The Senior Accountant is an advanced journey-level class in the Accountant classification series responsible for performing difficult work in accounting and related aspects of financial management. This position will be brought forward in 2018-2019 as part of the Proposed Budget.

Position Accelerations from 2018-2019 to 2017-2018:

Director of Power Resources (Deputy Director)

The Deputy Director of Power Resources will oversee the Power Supply Group and is responsible for all electric utility resource planning, forecasting, negotiation of contracts for the purchase or sale of utility resources, and services including energy and environmental commodities. This position, anticipated for hire in spring 2018, will oversee the administration of the risk management policies and all associated reporting functions. He/she will be responsible for the California Independent System Operator (CAISO) scheduling and settlements of power resources, portfolio management, and optimization, as well as product content and initial programs that include net-energy metering.

This is a highly specialized position that will likely take several months to fill. This person must be experienced in utility contracting and portfolio management. He/she must be experienced in the acquisition and operations of supply resources for electric power and related product lines such as Resource Adequacy (RA) and Congestion Revenue Rights (CRR's). He/she must be well-versed in commodity and enterprise energy risk management policies and programs, short and long-term resource operations and cost models, supply and demand-side resource planning and evaluation, and market-based fuel and energy cost projections. He/she must be familiar with cost of service allocations to customer classes and the development of rates and pricing structures based on commodity costs and power plant engineering economics to develop

competitive utility product lines. He/she also must be experienced in utility management practices and have strong financial and budget management skills.

It is recommended to begin recruitment for this position in February of 2018 to allow for onboarding by May of 2018. Due to the specialized skill set, it is expected that it will take several months to recruit, interview, and select an experienced candidate for this key position. In addition, the candidate may need time to relocate. It is important that this position is on-board in the spring of 2018 to support the launch and planning of Phases II and III of the program. It is expected that these phases will require the procurement of approximately \$300 million in electricity supplies; therefore, it is important that this key management position be on-board to support the management of these supplies.

Director of Administration and Finance (Division Manager)

It is recommended to hire this position immediately as the Department will have several administrative and financial functions to perform to support the launch of the program. This Division Manager will oversee all rates, accounting, and administrative functions for the Department.

To support the program launch, a series of electric rates and associated tariffs will need to be developed and approved so that they can be included in the customer notices and marketing collateral. For each of these customer groups, several rates will need to be developed and approved to be competitive with incumbent utility rates. In addition, several initial program rates will need to be developed to support net-energy metering customers with on-site solar energy systems, electric vehicle rates, and rates to support a 100% renewable option for customers interested in this product. The rate setting process will include working with internal staff and management as well as the Community Advisory Commission and the City Council to make policy decisions on the power content and rate impacts. It is expected that this will be an iterative dynamic process as power procurement costs and input from the Community Advisory Commission and City Council are received.

The Division Manager will also work in collaboration with the Finance Department and internal staff to develop a financing plan for the Department and ensure there is adequate credit to support the execution of the energy supply contracts. In addition, the Division Manager will oversee all accounting and administrative functions.

Senior Analyst (Power Supply)

It is recommended to hire this position immediately as the current staffing plan does not have any personnel in the Power Supply group. This is a key functional group for the Department. This group will be responsible for oversight of all the power supply contracts and services for the Department. This includes executing the power supply contracts worth approximately \$300 million at full operation. This group is responsible for all energy resource planning and procurement, supply, and demand-side management plans, energy risk management, forecasting, CAISO scheduling and settlements, and technical compliance with applicable federal, state, and

local laws. It is recommended to bring on one Senior Analyst immediately to assist the Director with all required power supply activities to support the launch of the program.

Senior Analyst (Account Services)

It is recommended to hire this position in the spring of 2018. This position will be responsible for oversight of all account services for the Department. The Department will contract with a service provider to manage a call center that will manage the initial customer service inquiries and administrative needs of the department. The Department will need oversight of these services and staff that is skilled in resolving complex problems.

Develop New Classifications:

The development of two new classifications to support the Power Supply Group are recommended for recruitment in 2018-2019. These positions will better align SJCE with standard utility practices and be competitive with local CCAs and power utilities. Currently, the positions assigned to support the Power Supply Group are the Senior Analyst classification. This classification does not align with the skillset required for this group and is not competitive with local CCA's and power utilities. The Human Resources Department will bring forward a separate memorandum establishing the new classification based on its analysis. Staff in this group will need additional skills and experience in power procurement, CAISO scheduling, forecasting, electric market operations, rates, and customer programs to ensure the success of the program.

It is crucial to have skilled experienced staff in this group to ensure the program is financially stable and meets its objectives. There are comparable positions for local electric utilities in Palo Alto, San Francisco, Alameda, and Santa Clara. Typically, the entry-level analyst positions are required to have good analytical skills and a baccalaureate degree from an accredited college or university preferably with major course work in Law, Engineering, Environmental Studies, Natural Resources, Computer Science, Business Administration, Mathematics, Statistics, Economics, or other field related to the utility business. In addition to these skills, the Senior Power Resource Analyst classification should require several years of experience in utility market analysis and planning, power supply procurement and contracting, and long-term utility systems planning.

Revised Staffing Plan

A comprehensive look at the revised staffing plan for the SJCE is shown in the table below.

SJCE Position	Initial Plan		Revised Plan	
	FY 17-18	FY 18-19	FY 17-18	FY 18-19
Director, Community Energy (Executive Director)	X		X	
NEW Deputy Director (Director of Account Management, Marketing, and Public Affairs) replaces Public Information Manager	X		X	
Senior Analyst	X		X	
Staff Technician	X		X	
NEW Analyst (Account Representative) replaces Senior Office Specialist	X			X
Public Information Representative II (Communication Specialist)	X		X	
Senior Deputy City Attorney IV (Director of Government Affairs/Legal Counsel)	X		X	
Legal Analyst II (Regulatory/Legislative Analyst)	X		X	
Deputy Director (Director of Power Resources)		X	X	
Division Manager (Director of Administration and Finance)		X	X	
NEW Senior Accountant (Finance Manager) replaces Principal Accountant		X		X
Senior Analyst (Power Supply Compliance Specialist)		X	X	
NEW CLASSIFICATION TBD (Power Resources) replaces Senior Analyst		X		X
NEW CLASSIFICATION TBD (Power Resources) replaces Senior Analyst		X		X
Staff Specialist		X		X
Senior Public Information Representative (Community Outreach Manager)		X		X
Senior Analyst (Account Service Manager)		X	X	
Public Information Representative II (Communication Specialist)		X		X
Analyst		X		X
Legal Administrative Assistant II (0.5 FTE)		X		X
Public Information Manager	X		Deleted	
Senior Office Specialist	X		Deleted	
Principal Accountant		X	Deleted	

EVALUATION AND FOLLOW-UP

The Human Resources Department will bring forward for City Council consideration a separate memorandum which describes its findings and recommendations to establish the new job classifications for the Community Energy Department. Additionally, the position changes recommended for 2018-2019 (described above), as well as an operation and financial status update will be brought forward for City Council consideration as part of the 2018-2019 annual budget process. Finally, staff will present a status report to the Transportation and Environment Committee in the spring.

COST SUMMARY/IMPLICATIONS

In 2017-2018, the recommended staffing plan revisions do not require any increase of funding to San José Community Energy Department’s Personal Services appropriation as there are sufficient salary savings to cover the cost changes. Based on projected expenditures through the remainder of the year including recommended changes, Personal Services savings of \$186,000 are estimated. In 2018-2019, the staffing changes are projected to result in a cost increase of \$182,000, and these costs will be factored into the 2018-2019 Proposed Budget. The impacts in 2017-2018 and 2018-2019 are summarized in the table below.

CLEAN ENERGY FUND (FUND 501)	POSITION COSTS
2017-2018 Original staffing cost	\$1,303,000
2017-2018 Revised staffing cost	\$1,117,000
Additional cost/(savings)	(\$186,000)
2018-2019 Original staffing cost projection	\$4,431,000
2018-2019 Revised staffing cost projection	\$4,613,000
Additional cost/(savings)	\$182,000

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the February 6, 2018 City Council meeting.

COORDINATION

This memorandum was coordinated with the City Attorney’s Office, Human Resources Department, and Finance Department.

January 24, 2018

Subject: San José Community Energy Department Staffing Plan Revisions

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COMMISSION RECOMMENDATION/INPUT

This item does not have any input from a board or commission.

FISCAL/POLICY ALIGNMENT

The recommended actions support the City's 2017 Green Vision (Goals 2 and 3) and the Envision San José 2040 General Plan (Goal MS-2 and Appendix 8: GHD Reduction Strategy)

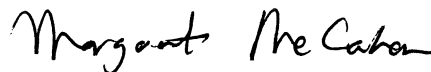
CEQA

Not a project. City Organizational & Administrative Activities resulting in no changes to the physical environment. Public Project number PP17-010.

/s/

LORI MITCHELL

Director of Community Energy



MARGARET MCCAHAN

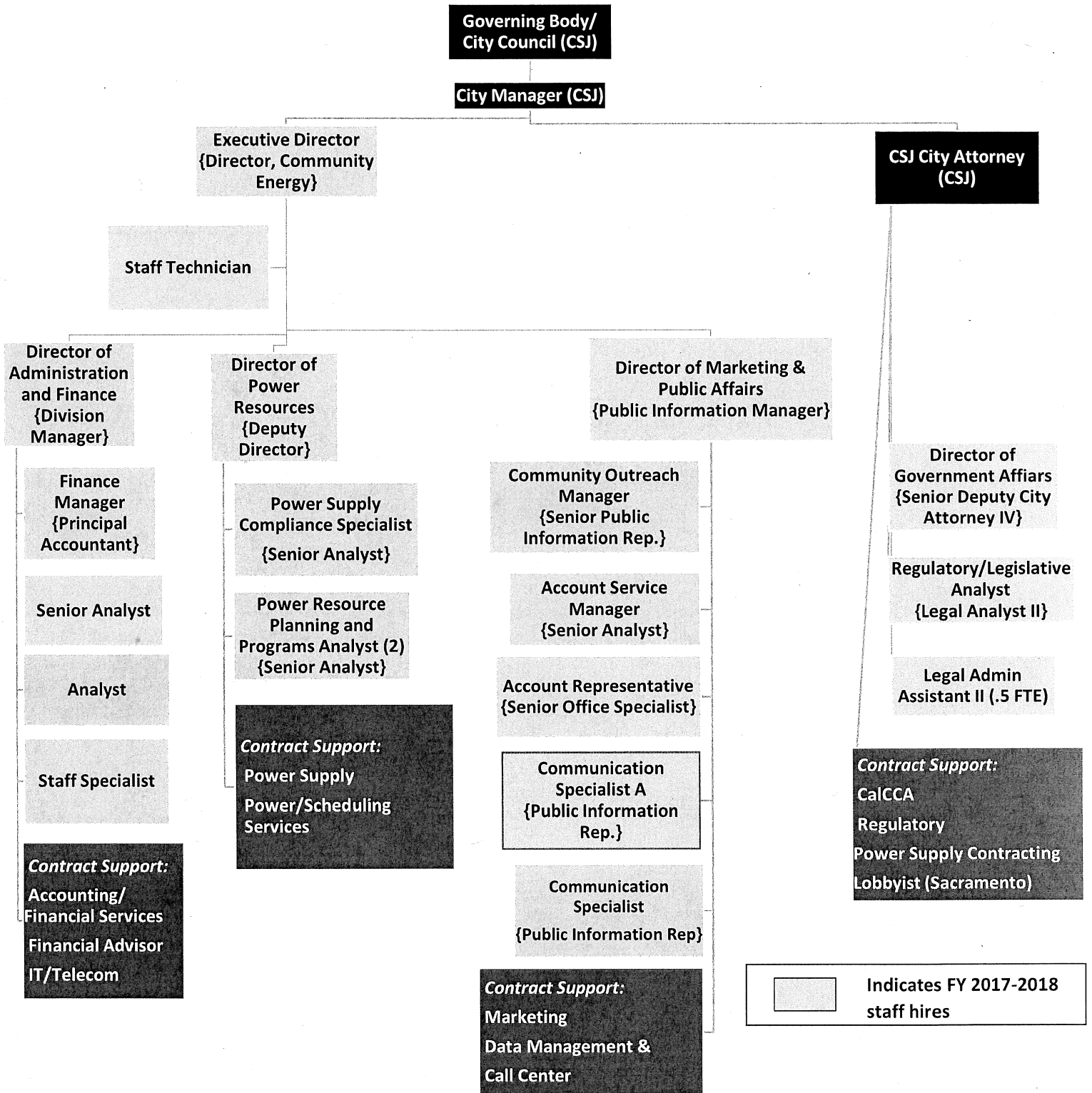
Budget Director

For questions, please contact Lori Mitchell, Director of Community Energy, at (408) 535-4880

Attachments:

1. Approved SJCE Organizational Chart
2. Proposed SJCE Organizational Chart

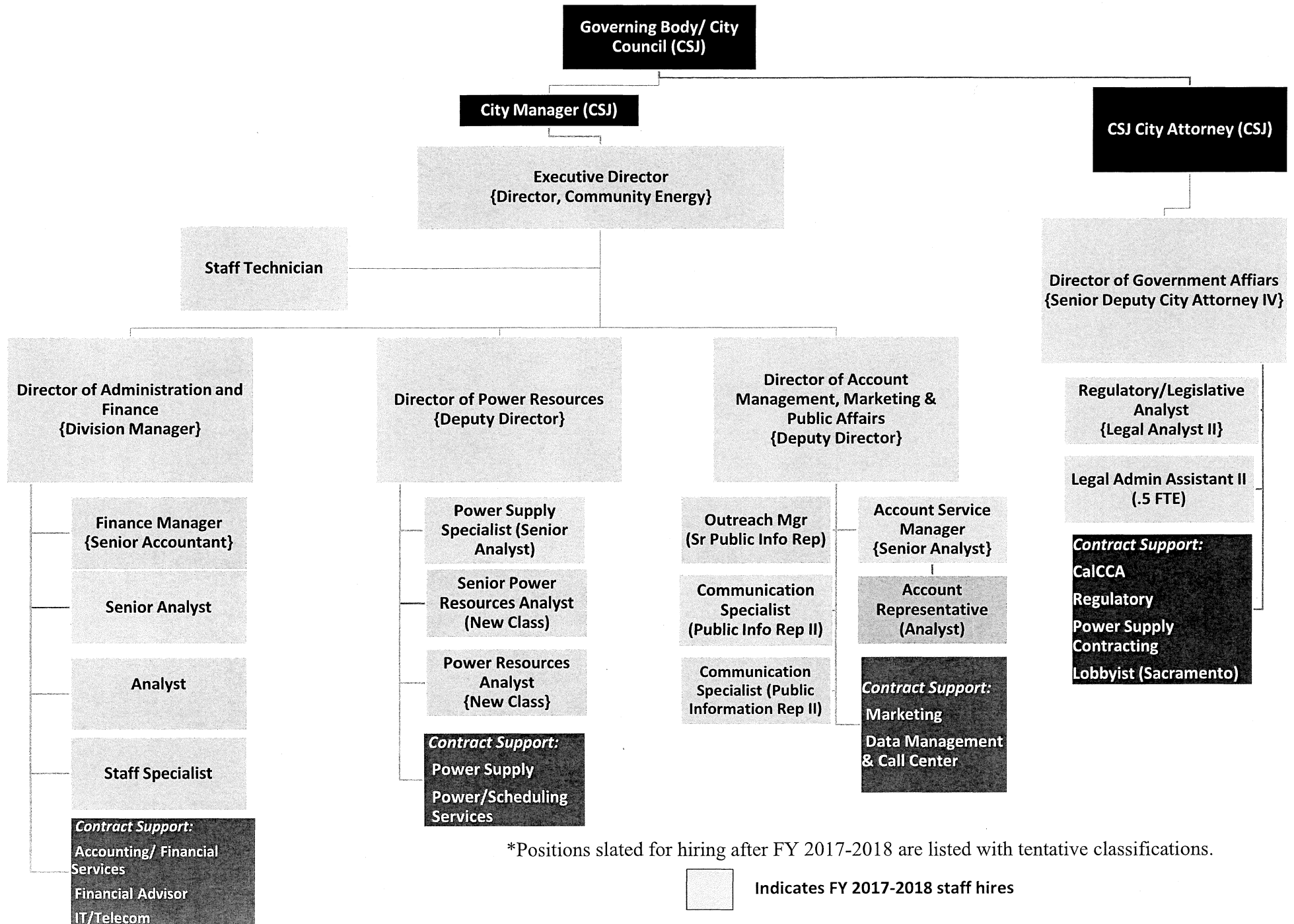
Attachment 1 – Approved San José Clean Energy Organization Chart*



 Indicates FY 2017-2018 staff hires

*Positions slated for hiring after FY 2017-2018 are listed with tentative classifications.

Attachment 2 - Proposed San José Clean Energy Organization Chart*



*Positions slated for hiring after FY 2017-2018 are listed with tentative classifications.

Indicates FY 2017-2018 staff hires