



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 06-05-06

Approved

Deanna Sartore

Date

6/9/06

COUNCIL DISTRICT: City-Wide

SUBJECT: ADOPTION OF A RESOLUTION AUTHORIZING A GRANT AGREEMENT WITH PG&E IN THE AMOUNT OF \$553,250, FROM JULY 1, 2006 THROUGH JUNE 30, 2009, AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE GENERAL FUND TO APPROPRIATE THE GRANT FUNDS OF \$180,904 FOR 2006-2007

RECOMMENDATION

1. Adoption of a resolution authorizing the City Manager to negotiate and execute a grant agreement with Pacific Gas and Electric to conduct a Silicon Valley Energy Collaborative Program and to accept a grant in an amount not to exceed \$553,250 for the term July 1, 2006 through June 30, 2009.
2. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
 - a) Increase the Environmental Services Department's Personal Services appropriation by \$82,337.
 - b) Increase the Environmental Services Department's Non-personal/Equipment appropriation by \$98,567.
 - c) Increase the estimate for Revenue from Local Agencies by \$180,904.

OUTCOME

Execution of an agreement with Pacific Gas and Electric (PG&E) will provide staff and support for a three year, energy educational and outreach program within Santa Clara County.

BACKGROUND

In September 2005, the California Public Utilities Commission (CPUC) released their decision regarding the Energy Efficiency Portfolio Plans and Program Funding levels for 2006-2008 (D05-09-043). The decision addressed programs that would be funded through the public goods charge or "PGC." Prior to that decision, the City had worked with PG&E to develop a 2006-08 program for Silicon Valley, building on the success of the collaboration with PG&E and the 2004-05 Silicon Valley Energy Program.

In January of 2006, staff provided the Annual Energy Report to Council. Within the report, it indicated that as part of the CPUC decision the City had been named as 1 of 30 local government programs that would collaborate with PG&E to conduct energy programs throughout the community during the years 2006-08. The initial indication was that there would be potential funding of \$20M for energy efficiency installation and educational programs for the City-PG&E collaborative program.

ANALYSIS

Silicon Valley Energy Program—2004-05 Results

The 2004-05 Silicon Valley Energy Program (SVEP), a collaborative project between PG&E and the City, was awarded \$2.2 million by the CPUC to establish a program that would provide larger, generous new lighting rebates for small businesses, continue the educational workshops in the South Bay, provide energy audits to municipal facilities, conduct outreach and provide financial incentives for new commercial, municipal, and private sector construction projects, and assist in a study for upgrading energy and building codes.

As a result of that program, more than 600 small businesses received direct incentives and installation of energy efficiency measures totaling over \$850,000, equating to 1,261kW of energy saved. Forty-two classes and workshops were sponsored by the Silicon Valley Energy Program on energy efficiency technologies and green/sustainable building technologies attended by members of the public and 6 departments from throughout the City.

Silicon Valley Energy Watch Program—2006-08 Program Activities

The 2006-08 Silicon Valley Energy Watch Program (SVEW) will provide targeted energy education and outreach services within the South Bay/Silicon Valley. Specifically, SVEP will offer energy efficiency education and outreach, workshops and services to all customers in Santa Clara County. Support will also be provided for the development of enhanced energy codes and standards, along with training seminars in conjunction with PG&E's Pacific Energy Center and Energy Training Center among others.

Due to CPUC changes and direction related to the achievement of energy reduction goals, PG&E program requirements, and the inclusion by PG&E of more than eighteen private sector/3rd party energy efficiency installation contractors within their programs for the Silicon Valley area, the City will not continue its 2004-05 energy rebate program that was coordinated with private contractors. The City will be working closely with PG&E and the third party providers to ensure that the area businesses, residents and municipalities will be able to take advantage of the broad range of audits, rebates and other technical support that will be offered during the term of this program.

Implementation of these programs supports many of the City's energy Policies and Strategies, specifically:

- Economic Development Strategy:
 - Support the start-up and growth of local businesses.
 - Diversify San José's economic base and preserve/create middle-income jobs.
- San José Sustainable Energy Policy:
 - Educate San José residents, businesses and schools about the multiple benefits of energy efficiency.
 - Use innovative approaches to gain greater control of the City's energy future and retain more financial investment within the community.
 - Create and sustain partnerships to promote joint action to achieve citywide energy goals.
 - Work with various community, business and governmental organizations to promote sustainable energy policies.

Ultimately, these activities support the goals of San José as a Sustainable City, *"a city designed, constructed, and operated to minimize waste, efficiently use its natural resources and to manage and conserve them for the use of present and future generations."*

ALTERNATIVES

The City has taken advantage of numerous sources of funding for energy programs in the early 1980s, whether in the form of grants or agreements from funders on a national, state and local level. Little to no funds are available through either the City's General Fund or other funding sources for education and outreach on energy efficiency, green building and renewable energy opportunities. Executing this agreement with PG&E will provide the City with the resources to meet many of the education and outreach goals in both the City's adopted Energy and Green Building Policies.

PUBLIC OUTREACH

Outreach was conducted with the City Managers of several South Bay cities to determine their interest in coordinating on the activities of the SVEW. In addition, the City reaches many architects, builders, designers, mechanical engineers and residents through the energy educational workshops conducted in cooperation with PG&E.

COORDINATION

This memo has been coordinated with the City Attorney's Office.

COST IMPLICATIONS

The proposed actions are consistent with the following General Principles of the Mayor's Budget Strategy:

- Protect our vital core city services (Environmental and Utility Services: Protect Natural and Energy Resources)
- Be open to alternative ways to deliver services through appropriate community partnerships, public-private partnerships, and by outsourcing or bringing services back in-house to be delivered by City staff.

The proposed action covers estimated grant reimbursements and program expenditures for FY 2006-07. Grant reimbursements and expenditure appropriations in FY2007-2008 and FY2008-2009 will be appropriated in the base budget for the corresponding fiscal years. No impact to the general fund forecast will result from these actions.

BUDGET REFERENCE

Not Applicable

CEQA

Not a project.



LARRY D. LISENBEE
Director, Budget Office



for JOHN STUFFLEBEAN
Director, Environmental Services Department

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Years 2006-2007 monies in excess of those heretofore appropriated therefrom, said excess being at least \$180,904.



LARRY LISENBEE
Director, Budget Office

For questions, please contact Mary Tucker, Supervising Environmental Services Specialist, at (408)975-2581