



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: SEE BELOW

DATE: March 11, 2011

SUBJECT: GREEN VISION 2010 ANNUAL REPORT AND 2011 WORK PLAN

RECOMMENDATION

Approve the 2010 Green Vision Annual Report and 2011 Work Plan priorities and implementation framework.

OUTCOME

The attached Green Vision 2010 Annual Report provides an opportunity for the Mayor and Council to review the progress made on the implementation of the Green Vision and highlights accomplishments and strategic direction for each of the goals. Approval of the proposed 2011 Work Plan priorities and implementation framework will allow staff to continue their efforts to advance the Green Vision.

BACKGROUND

On October 7, 2007, San José City Council adopted the Green Vision, which outlines 10 ambitious goals for economic development, environmental leadership, and an enhanced quality of life for San José residents and businesses. Since then, the Green Vision has helped guide staff's efforts in a broad spectrum of areas including economic development, energy, green buildings, water, waste, sustainable growth, streetlights, trees and trails. It has also positioned San José as a leader in clean technology and environmental sustainability as evidenced by the numerous awards and accolades garnered. This in turn has led to the formation of many strategic partnerships and a significant influx of grant funding that has helped advance Green Vision goals even in this time of extremely limited City funding for the initiative.

To enable collaboration and citywide implementation of the Green Vision, staff developed a strategic framework which helps connect the goals, implementation strategies, and project-level day to day actions to the broader intended outcomes of driving economic opportunity and growth, eliminating the structural budget deficit, demonstrating environmental leadership, and improving the quality of life throughout the community.

The strategic framework is developed around the following five areas:

- **Leading by example** – Policies and practices that the City can modify or establish to advance the Green Vision priorities
- **Advocating policies** (at the regional, state and federal level) – Advocating legislative action and positioning the City to partner with other agencies on policy changes and development
- **Financing mechanisms** – Exploring new financing mechanisms such as grants, modified fee structures, and improvement districts, to supplement City dollars
- **Forming strategic partnerships** – Partnering with other entities, such as schools, universities, non-profits, and private corporations, to work towards common goals
- **Communications and engagement** – Communicating with key audiences to bring about awareness, acceptance, and action on all of the goals

The Green Vision touches almost all City service areas and has the ability to impact the community in a multitude of ways. In order to ensure focused efforts that make the best use of staff resources and are in alignment with the City's overall goals and priorities, in March 2009, Council directed staff to use the following criteria to develop the annual and long term workplans for all Green Vision goals:

- 1) Cost savings;
- 2) Private investment generated; and
- 3) Measurable advancement towards goals.

These criteria continue to guide the work efforts on all goals and are manifested in the accomplishments as well as the proposed 2011 Workplan.

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| <p>Goal 1 Create 25,000 Clean Tech jobs as the World Center of Clean Tech Innovation.</p> <p>Goal 2 Reduce per capita energy use by 50 percent.</p> <p>Goal 3 Receive 100 percent of our electrical power from clean renewable sources.</p> <p>Goal 4 Build or retrofit 50 million square feet of green buildings.</p> <p>Goal 5 Divert 100 percent of the waste from our landfill.</p> <p>Goal 6 Recycle or beneficially reuse 100 percent of our wastewater (100 million gallons per day).</p> <p>Goal 7 Adopt a General Plan with measurable standards for sustainable development.</p> <p>Goal 8 Ensure that 100 percent of public fleet vehicles run on alternative fuels.</p> <p>Goal 9 Plant 100,000 new trees and replace 100 percent of our streetlights with smart, zero-emission lighting.</p> <p>Goal 10 Create 100 miles of interconnected trails.</p> |
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ANALYSIS

The third Green Vision Annual Report provides an update on the status of all ten goals, and includes information on San José's Climate Change strategy as well as progress on the Urban Environmental Accords. The recent recession and several consecutive years of budget deficits have taken a heavy toll on the City's fiscal situation and there is very limited funding available for Green Vision implementation. Thus, in early 2010, Council directed staff to maximize opportunities to leverage non-City funding and form strategic partnerships to advance Green Vision goals, create jobs and reduce the City's operating costs.

Staff has done a tremendous job of following up on this direction and has actively pursued grants, solicited partnerships, and made significant advances on several goals in 2010. In the course of doing so, they have positioned San José as a national and international leader in many areas such as renewable energy, green buildings, recycled water, zero waste, and the deployment of smart LED streetlights.

Grants: To date, San José has received over \$70 million in grant funding for Green Vision related programs and projects. Projects with grant funding, from the 2009 American Recovery and Reinvestment Act and other State Propositions, continued to be a focus in 2010. Project planning for job training, and City energy efficiency, solar, street lighting, and recycled water projects, is well underway and implementation of the projects started in early 2010. Ensuring compliance with Recovery Act stipulations, including reporting and communications with residents and businesses, continues to be a priority. For more information please visit: City of San Jose-Recovery Act. Additionally, grants for trees and trails from other local, state and federal grant funding sources such as the Santa Clara County Open Space District, Prop 84, and Caltrans, continue to be actively pursued. Although the City has been able to advance many energy, water and waste projects with Federal and State dollars, given the significant budget deficits at both levels, the future of these revenue streams is uncertain at best. Although staff will continue to explore other funding mechanisms such as modified fee structures, new market tax credits, and improvement districts, it is important to note that progress on several Green Vision goals may be severely impacted by the lack of continued Federal and State support.

Partnerships: The City's innovative Demonstration Partnership policy provides an excellent framework for forming strategic partnerships with public and private entities on several Green Vision goals. In February 2010, the City issued a Request for Interest for partnerships that would advance any of the Green Vision goals. A total of 44 proposals were received. Some of these proposals have already led to important strategic partnerships such as the one with Harvest Power to conduct a gasification feasibility study which helped the City garner a grant for \$1.9 million, while others are being evaluated for further study such as the one with Armageddon Energy for a solar technology installation on a City facility.

The City has entered into several strategic partnerships focused on developing electric vehicle transportation solutions. San José's first demonstration partnership project with Coulomb Technologies has directly influenced the formation of the ChargePoint America program and has led to San José receiving 55 electric vehicle charging stations. The City's partnership with the Electronic Transportation Development Center is focused on establishing incubator companies and Silicon Valley technology companies with the goal of strengthening the necessary

infrastructure and supply chain for electric vehicle (EV) manufacturing. A partnership with Better Place will allow us to test an electric vehicle battery switch technology through an EV Taxi demonstration program. The City has also partnered with other public entities in the Bay Area EV to develop a common regional strategic vision including goals, projections and principles regarding the deployment of electric vehicle charging infrastructure.

San José is currently partnering with the Lawrence Berkeley National Labs to form a research development and demonstration pilot around cool technologies to mitigate the urban heat island effect (roofing materials, pavement applications and urban vegetation approaches).

Jobs: San José, along with the surrounding region, continues to be a global leader in the clean tech economy. This has led to significant venture capital investment (\$5.3 billion) even in the Great Recession with the creation/expansion of over 70 clean tech companies in this region. Although overall job growth has remained flat at the national and state level, the clean tech sector has grown at 3% in California and an impressive 8% in the Bay Area. Since 2007, 4,350 clean tech jobs have been created in San José - with energy efficiency, and energy generation and infrastructure accounting for over three fourths of these jobs. The City plays an active role in shaping these statistics in a variety of ways:

- a. Partnering with the industry to drive emerging markets such as electric vehicle infrastructure and LED streetlights;
- b. Assisting start up companies through the Environmental Business Cluster and enabling the testing of new technologies for other companies via demonstration partnerships with the City;
- c. Using its Clean Tech Legislative Agenda to guide advocacy for specific legislation such as Senate Bill 71 which has brought over \$342 million in funding through tax exclusions to Bay Area companies and has created over 200 jobs;
- d. Working with employers, institutions of higher learning, apprenticeship programs, and other training providers to provide targeted training programs for careers in clean tech and the green economy

Cost Savings: While the magnitude of San José's structural budget deficit may be very large in comparison to the long term operational savings generated by municipal energy efficiency and renewable energy projects, \$1 million in annual ongoing savings is nevertheless a very significant and impressive number. The savings resulting from a majority of these projects continue to be deposited into the City's Energy Fund for the first two years to fund additional energy efficiency projects. Additionally, approximately 1.2 million square feet of the City's municipal facilities are now Leadership in Energy and Environmental Design (LEED) certified green buildings. Although an exact number related to cost savings on these buildings is not known at this time, several third party studies show that green buildings, in addition to conserving natural materials and creating healthy indoor spaces, deliver long term operational savings because of features such as optimal solar orientation, daylighting, smart lighting controls, and energy efficiency and water conservation systems.

Accomplishments

The attached Annual Report highlights achievements in 2010 and outlines strategic direction for guiding work in 2011. Examples of some key accomplishments are:

- Over **\$5.3 billion** in total **venture capital invested** in Clean Tech companies in Silicon Valley, with \$1.2 billion invested in 2010 alone;
- San Jose designated as an **Innovation Hub** (iHub) by the State;
- Energy efficiency measures implemented at City facilities, an estimated **\$1 million in annual energy savings** to date; approximately **\$750,000** deposited into the **Energy Fund**
- Over **2.4 MW** of solar installed on **municipal facilities**, almost **28 MW** of total solar installed in San José with highest number of installations in California;
- Over **3.7 million** square feet of **certified green buildings** completed, **1.2 million** square feet of which is **municipal buildings** ;
- **74%** overall **diversion rate**, continued **highest multi-family diversion rate** in the country at over **80%**;
- Construction started on the **Advanced Water Treatment Facility**, a partnership project with the Santa Clara Valley Water District;
- **Envision General Plan Update** - completed development of a full Draft Plan document which will allow completion of the Update in 2011;
- **42%** of City fleet on **alternative fuel**; GHG emissions reduced by 28% compared to 2003 baseline;
- Over **50%** of the **street tree inventory completed** with the help of grants, partnerships, and AmeriCorps volunteers;
- San José continues to lead the nation in deploying “**smart**” **LED streetlights** with adaptive controls;
- In 2010, almost **\$3.9 million** in grant funding for on street **bike and pedestrian improvements**;
- Trail Count survey indicated a **5.6% increase** in usage along downtown’s Guadalupe River Trail; latest U.S. Census indicated a **125% increase in bike trips** in San José, 50% above the national average;
- A revamped and more interactive **Green Vision website** launched.

The complete Green Vision 2010 Annual Report is available on the City website at:

<http://www.sanjoseca.gov/clerk/agenda.asp>.

2011 Priority Areas

In light of the continued challenges related to the City’s budget and impending service cuts, it will be difficult to maintain focus on Green Vision initiatives. However, as we have observed since the adoption of the Green Vision, investments in areas that have the potential to spur economic development and/or reduce long term operational costs deliver big returns.

To continue to advance the Green Vision, it is important to lead by example, advocate for legislation and funding at the regional, State and Federal levels, supplement limited City dollars with other financing mechanisms such as grants, modified fee structures and improvement districts, form strategic partnerships, and increase awareness and level of engagement in the community.

The report outlines workplans for each goal in the individual goal chapters while the comprehensive 2011 WorkPlan is included as an Appendix. The WorkPlan priorities are highlighted below:

1. Partner with industry leaders and regional advocacy groups on Clean Tech Legislative Agenda; deploy demonstration projects to support commercialization of clean technologies and create jobs; identify green employment trends and opportunities and support the greening of small businesses.
2. Reduce municipal energy use by an additional 5%; use Federal, State and PG&E funding to expand energy efficiency education, audits and improvements in the community; partner with local, regional and state agencies to develop and implement Energy Upgrade California.
3. Bring recommendations to Council for solar at the Water Pollution Control Plant and several City facilities; advocate for renewal of California Solar Initiative incentives; support state legislation to expand energy choices for communities.
4. Engage stakeholders on Green Building policy implementation to inform development of retrofits and renovations policy; certify four existing City buildings under LEED-EB Portfolio Program and evaluate strategy to certify additional existing City facilities.
5. Restructure the garbage collection system for businesses throughout the City and bring recommendation to Council on new haulers; advance litter reduction ordinance for Council consideration; launch Green Star School certification program; partner with Harvest Power to conduct feasibility study of gasification pilot; educate and assist event organizers to develop zero waste events; maximize diversion and safe disposal opportunities for residents, including advancing the Environmental Innovation Center.
6. Work with stakeholders to develop an ordinance for indoor use of recycled water; partner with Santa Clara Valley Water District to develop O&M agreement for Advanced Water Treatment Plant; partner with public and private entities, including private water utilities, to expand recycled water infrastructure and use.
7. Advance General Plan Update for Council consideration and adoption; continue to advocate and partner on regional planning initiatives.
8. Evaluate fuel efficient patrol vehicles, develop updated procurement specifications for the new vehicle standard; collaborate with regional partners on grant opportunities including opportunities for a Car Share program and expansion of electric vehicle infrastructure
9. Advance Streetlight design guides and private development outdoor lighting policy for Council consideration and adoption; install 2,200 LED lights over the next two years and work with PG&E on billing rates that maximize energy savings due to adaptive controls; continue to partner with downtown businesses on tree pilot program.
10. Expand the City's bike network by 10 miles, install 500 public bike parking spaces; implement a Trail Watch program through the use of volunteers.

In addition to the above priorities, staff will continue to look for partnership and funding opportunities to advance 2011 WorkPlan elements for all goals.

03/11/11

Subject: Green Vision 2010 Annual Report and 2011 Work Plan

Page # 7 of 7

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The attached report does not meet any of the three criterion listed above; however, continuous outreach is being done through the Green Vision website and through a multitude of community events, conferences, and media.

COORDINATION

The implementation of the Green Vision is a collaborative effort involving staff from all City departments. City Departments and Offices that have been consulted with for the preparation of the report include the Office of Economic Development, the Office of the City Attorney, and the Departments of Environmental Services, Planning, Building and Code Enforcement, Public Works, Transportation, and Parks, Recreation and Neighborhood Services.

CEQA

Not a project.



Debra Figone
City Manager

For questions please contact Ashwini Kantak, Assistant to the City Manager, at 535-8147.