



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

REPORT NO: 12-033

DATE ISSUED: March 14, 2012
ATTENTION: Natural Resources and Culture Committee
SUBJECT: Energy Efficiency and Conservation Block Grant (EECBG) Actions

REQUESTED ACTIONS:

- The Chief Financial Officer is authorized to return remaining appropriations upon project completion from CIP ABT.00003, citywide Energy Improvement Projects to Internal Order AE1000257-09, EECBG Balboa Park Administrative activity in the amount of \$42,000 and any remaining appropriations to CIP ABT.00003, WBS B-10112 Broad Spectrum Street Lighting project.
- The Chief Financial Officer is authorized to return remaining appropriations upon project completion from CIP ABT.00003, citywide Energy Improvement Projects to Internal Order AN1000251-09, Municipal Energy Efficiency Direct Implementation Activity.
- The Chief Financial Officer is authorized to increase the Capital Improvements Program Budget in CIP ABT.00003, citywide Energy Improvement Projects and to accept, appropriate and expend \$1.8 million from fund 200225, Energy Conservation Program-CIP for other additional activity project work at City owned facilities and the Broad Spectrum Street Lighting project.
- The Chief Financial Officer is authorized to accept, appropriate and expend \$50,000 from fund 200224, Energy Conservation Program for other additional activity work at City owned facilities.

STAFF RECOMMENDATIONS:

- Adopt the Requested Actions.

SUMMARY:

The requested actions are needed to comply with the terms requiring conditions of the Energy Efficiency and Conservation Block Grant (EECBG) program that all funds generated from grant activity work, such as rebates or incentives, must be used for additional project activity work under this grant.

The remaining appropriations from completed Balboa Park energy efficiency projects (B-11080, B-11081, B-11082, B-11083, B-11084, B-11085, B-11086, B-11087, B-11088, B-11089, B-11090, B-11091, B-11092, B-11093, B-11104) will be transferred to cover grant administration expenses in the amount of \$42,000 and any remaining appropriations will be used for additional project work for the Broad Spectrum Street Lighting project.

The remaining appropriations from completed Municipal energy efficiency projects (B-11094, B-11156, and B-10226) will be transferred for additional activity work at City of San Diego (City) owned facilities.

It is anticipated that San Diego Gas & Electric rebates and incentives will be received in the amount of \$1.8 million which need to be properly budgeted and expended for additional project activity work under the grant requirements. Additionally, it is anticipated San Diego Gas & Electric rebates will be received in the amount of \$50,000 which needs to be properly budgeted and expended for additional project activity work under the grant requirements.

BACKGROUND:

The federal government allocated \$12,541,700 in EECBG funds to the City, which required that the City develop an Energy Efficiency and Conservation Strategy (EECS) that demonstrated how these funds would be used. Mayor Sanders and the City Council appointed experts in energy efficiency and renewable energy, advocates for the community, and planning experts to serve on an *Ad Hoc* Committee to review potential uses for these funds in accordance with resolution 2009-1244 which was adopted in June 15, 2009.

The *Ad Hoc* Committee reviewed existing City policy and procedures, developed a scoring matrix and evaluated 93 "concept proposals" with rankings for possible use in the submission to the U. S. Department of Energy (DOE). During the *Ad Hoc* Committee proceedings, significant public comment was provided on project concepts to create the EECS that balances the needs of the community with the DOE eligibility requirements.

The *Ad Hoc* Committee met six times between June 25, 2009 and August 10, 2009. The outcome was a list of recommended concepts and allocations that guided the development of specific projects.

The EECS was submitted to the DOE on November 20, 2009 and approved by DOE on April 8, 2010.

Activity #1 Energy Efficiency and Conservation Strategy

The EECS for community planning effort with the *Ad Hoc* Committee was completed.

Activity #2 Residential Energy Efficiency Program

The original activity was a Property Assessed Clean Energy (PACE) Program to assist property owners in the City to finance renewable energy, energy efficiency improvements and water

conservation measures through loans that would be repaid by special assessments on a property owner's tax bill. The Federal Housing Administration issued a finding letter to lenders that would not allow implementation as originally designed.

The replacement activity is a loan loss reserve program. The City has a partnership agreement with San Diego Metropolitan Credit Union to provide low interest loans for energy efficiency upgrades on San Diego homes, using a city-funded reserve to ensure broader available and more favorable terms on loans.

The City is also pursuing options to opt into the State-wide effort for PACE. The project has not yet been finalized.

Activity #3 Low Income Residential Energy Efficiency Program

The City has a contract with California Center for Sustainable Energy for the San Diego home energy upgrade program. In conjunction with San Diego Gas and Electric's (SDG&E) existing weatherization program, approximately 10,000 eligible homes will receive appropriate energy audits, education of potential savings and upgrades with an expected energy reduction between 15 and 25 percent per household.

Activity #4 Energy Efficiency Retrofits on Balboa Park Buildings

The City entered into subgrant agreements with 15 Balboa Park Institutions (Balboa Park Central, Mingei International Museum, Museum of Photographic Arts, Reuben H. Fleet Science Center, San Diego Art Institute, San Diego Automotive Museum, San Diego Hall of Champions, San Diego History Center, San Diego Model Railroad Museum, San Diego Museum of Art, San Diego Museum of Man, San Diego Natural History Museum, The Old Globe, Timken Museum of Art, and WorldBeat Center) to perform energy efficiency retrofits including lighting and HVAC upgrades at City owned Balboa Park facilities. Five Balboa Park facility projects have been completed. These projects are expected to provide annual energy savings of over 1.1 million kilowatt hours and 12,000 therms of natural gas.

Activity #5 Broad Spectrum Street Lighting

The City has awarded a contract for Broad Spectrum Street Lighting to install approximately 36,000 lights. Approximately 14,000 lights have been installed city-wide to date. The Broad Spectrum Street Light project included matching funding from a California Energy Commission Loan in the amount of \$3,000,000 and Qualified Energy Conservation Bonds (QECCB) in the amount of \$12.9 million. On an annual basis, the estimated savings are 15 million kWh equating to approximately \$1.8 million in energy cost savings.

Activity #6 Municipal Energy Efficiency Retrofits

Various municipal energy efficiency projects are currently in construction for lighting and HVAC upgrades. For example, lighting upgrades at 21 recreation center gymnasiums have been completed city-wide.

Anticipated savings for the above projects is 285,000 kWh savings and \$59,000 annually.

Activity #7 City of San Diego Climate Mitigation and Adaptation Plan

Technical review of the City's green house gas emission inventory and update of the Climate Protection Action Plan, including public forums, and a long-term coordinated plan for the City's compliance with "The Global Warming Solutions Act of 2006 (AB 32). An Environmental and Economic Sustainability Task Force (EESTF) was formed and met with City staff during the period January 2011 through February 2012. Extensive public input has been collected during more than 25 meetings with the public, business groups and other municipal staff reviewing the draft Climate Mitigation and Adaptation Plan (CMAP). Actions to approve and implement this plan are forthcoming.

DISCUSSION:

The EECBG actions support numerous existing goals and objectives that are based on previous Council actions. These include, but are not limited to: the City of San Diego's General Plan, approved in March 2008; the commitment to a 50 megawatt (MW) increase in renewable energy use by 2013; and the City Climate Protection Action Plan, approved by Council in 2004. Environmental Services Department provides coordination and a leadership role in the City's energy efficiency and renewable energy projects, as well as tracking the greenhouse gas emissions inventory (1990, 2004, and 2007) and developing the associated Climate Protection Action Plan.

FISCAL CONSIDERATIONS:

Project implementation reduced energy consumption at City facilities and in the community. As a result, General Fund expenditures for energy will decrease. The Broad Spectrum Street Lighting project included funding from a California Energy Commission Loan in the amount of \$3,000,000 and QECB in the amount of \$12.9 million. SDG&E rebates and incentives from the Broad Spectrum Street Lighting project are anticipated in the amount of \$1,800,000 which will be deposited in fund 200225, Energy Conservation Program-CIP and budgeted in CIP ABT.00003 for additional project activity work. On an annual basis \$1.8 million in energy cost savings is anticipated.

Approximately \$50,000 in SDG&E rebates anticipated from various municipal energy efficiency projects will be deposited in fund 200224, Energy Conservation Program for project activity work. Anticipated savings for the municipal project activity work is \$59,000 annually.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

- The Committee On Rules, Open Government, and Intergovernmental Relations of the City Council of the City of San Diego-May 13, 2009- Federal Economic Stimulus Package.
- The City of San Diego City Council-June 15, 2009 authorized application to the U.S Department of Energy for EECBG funds to develop a conservation strategy; taking all

necessary actions to secure grant funding; established an Ad Hoc committee to develop an energy and conservation strategy. Resolution R-304982

- The Natural Resources and Culture Committee of the City Council of the City of San Diego-June 24, 2009 -New EECBG Ad-Hoc Committee
- The Natural Resources and Culture Committee of the City Council of the City of San Diego-September 9, 2009- Final report of the EECBG Ad-Hoc Committee
- The City of San Diego City Council-October 14, 2009 acceptance of funds and taking related action in connection with EECBG award from the DOE Resolution R-305276
- The City of San Diego City Council-February 2, 2010 authorized application for a low interest rate loan from the California Energy Commission and taking related actions related to Broad Spectrum Lighting. Resolution R-305594
- The City of San Diego City Council-July 27, 2010 authorized a loan from the California Energy Commission and taking actions related to the Broad Spectrum Street Lighting, EECBG Energy Efficiency and Balboa Park Building Enhancements. Ordinance O-19981
- The City of San Diego City Council-October 19, 2010 authorized the augmentation of the Broad Spectrum Street Lighting Project with QECB proceeds, authored funds, and related actions. Resolution R-306251

EQUAL OPPORTUNITY CONTRACTING:

This action does not authorize entering into any contract or agreement; however, future contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. O-18173, Sections 22.2701 through 22.2708 and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

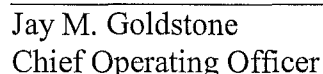
The EECBG *Ad Hoc* Committee met six times between June 25, 2009 and August 10, 2009. Prior to that, the Mayor sponsored three public meetings in April and May. The "Stimulus Tracker". Environmental and Economic Sustainability Task Force (EESTF) has met with City staff during the period January 2011 through February 2012. There have been a total of more than 25 meetings between September 2011-February 2012 with the public, business groups and other municipal staff to present the draft CMAP.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The City of San Diego and property owners in the City of San Diego.



Chris Gonaver
Environmental Services Director



Jay M. Goldstone
Chief Operating Officer

