



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: October 28, 2009 REPORT NO:  
ATTENTION: Council President and City Council  
SUBJECT: California Public Utilities Commission Local Government Partnership Program  
REFERENCE:

REQUESTED ACTIONS:

- Authorize the Mayor, or his representative, to enter into an agreement with San Diego Gas and Electric (SDG&E) for and on behalf of the City, for the management and implementation of the California Public Utilities Commission (CPUC) Local Government Partnership Program and execute agreements for the total award.
- Authorizing the Chief Financial Officer to accept up to \$5,100,000 if the grant funding is secured, appropriate and expend funds for the CPUC Local Government Partnership Program Grant activities, as determined by the Mayor or his representative, in accordance with the CPUC Local Government Partnership Program guidelines.
- Authorize the Mayor, or his representative, to take all necessary action to administer, monitor and manage the agreement with SDG&E and when required, develop, advertise, negotiate and award contracts to third parties to implement the program components authorized by SDG&E.

STAFF RECOMMENDATIONS:

Adopt the Requested Actions.

SUMMARY:

The CPUC Local Government Partnership Program is a continuation of previous funding designed to increase energy efficiency. The contract between SDG&E and the City began in 2006 and is ending December 31, 2009. It provided approximately \$3,000,000 to support the City's energy efficiency goals. In order to maintain the continuity of the program, the new contract must be signed and executed no later than December 31, 2009. The new contract will take effect January 1, 2010 and will continue until December 31, 2012. The proposed funding level is approximately \$5.1 million for the three-year period.

The proposal reflects City projects that meet the CPUC criteria, and include: 1) Energy Efficiency Improvements in Municipal Facilities and Operations; 2) ZeroNet Milestones through Codes and Standards; 3) Investment in a Green City; 4) San Diego's Climate Mitigation and Adaptation Plan; 5) Public Outreach and Education; and 6) Balboa Park Energy Efficiency Program. The program management will reside with the Environmental Services Department, and funding for implementation will be shared with Public Utilities, City Planning and Community Investment, and Development Services.

## Background

On September 24, 2009, the CPUC approved the Local Government Partnership Program for 2010-2012. As stated in the decision, it "authorizes the next three years of ratepayer-supported energy efficiency programs in step with California's energy policies and greenhouse gas mitigation strategies. Specifically, this decision approves the 2010-2012 energy efficiency programs to be managed by California's investor-owned utilities and supported with approximately \$3.1 billion of ratepayer funding. This amount is about 42% higher than the prior three-year program cycle and will support programs designed to produce deeper and more comprehensive savings."

**Attachment One** is an excerpt of the CPUC decision, and the full response can be found at [http://docs.cpuc.ca.gov/PUBLISHED/AGENDA\\_DECISION/107340.htm](http://docs.cpuc.ca.gov/PUBLISHED/AGENDA_DECISION/107340.htm)

The draft contract for 2010-2012 between the City and SDG&E is currently under review by the City Attorney's Office, and is presented in **Attachment Two**. In order to maintain the continuity of the program, the new contract must be signed and executed no later than December 31, 2009.

The first CPUC Partnership between the City and SDG&E began in 2006 and ended December 31, 2008, with "bridge funding" to continue through December 31, 2009. During that time, the City exceeded the majority of the reduction goals for electricity (kW) and natural gas (therm). **Attachment Three** is a summary of the accomplishments and confirms the benefit of the Local Government Partnership program.

## Discussion

The proposal includes funding for a number of City programs and projects, including those in Public Utilities, Community Planning, and Development Services. Environmental Services Department will be responsible for contract management and implementation. There are no new positions created through this funding. There may be some tasks that are contracted to an outside consultant, but those details have not yet been confirmed.

The following section describes in more detail the intent of each of the program components. Included are a brief program description and a summary of the goals.

### **I. Energy Efficiency Improvements in Municipal Facilities and Operations**

This is a three-part program: 1) Energy efficiency improvements in municipal facilities; 2) Induction Street lighting; and 3) Energy specifications and material submittal review processes.

- a. Energy Efficiency Improvements in Municipal Facilities includes, but not limited to, lighting, HVAC, variable speed drives, and occupancy sensors in municipal facilities as cost effectively as possible while achieving the most number of kilowatt and therm savings. The construction and equipment costs are funded via a loan from the California Energy Commission effectively leveraging \$2.2 million in support of this program component. Energy savings are anticipated to be 2,300,000 kilowatt hours annually once all projects are completed.
- b. Induction Street Lighting will be expanded to retrofit additional light poles citywide for an annual savings are anticipated to be up to 3,800,000.
- c. Energy Specification Program will develop technical energy specifications for construction and guidelines for procurement of any device that consumes energy, as well as protocol for the review processes to integrate highly efficient energy designs with sustainable maintenance. This will result in more consistent use of the most energy efficient construction and procurement of the most energy efficient products and services

## **II. Zero Net Milestones through Codes and Standards**

Milestones to achieve Zero Net residential construction (2020) and commercial construction (2030) are required, and the most successful and transferable method is to develop a phased implementation of codes and standards in the Permit Review Process. This project will require close coordination with the Development Services Department (DSD), which is the designated Plan Check and Permit Review center for the City of San Diego. Using the experts from SDG&E and other utilities, a best in class summary will be developed and workshops presented to DSD technical staff and management, City policy makers, and key developers in the region.

## **III. Investment in a Green City**

A significant role of local government is that of a resource manager and planner. The linchpin for this is the City General Plan. The San Diego City Planning and Community Investment (CPCI) Department will be developing the Action Plan and Monitoring Report for the recently adopted General Plan throughout 2009. This is a perfect opportunity for integrating and elevating energy efficiency into land use planning, referred to as “green neighborhoods”, as well as promoting green buildings. Additionally, CPCI is linked to hundreds of “community planning districts”, and these are venues for creating local champions. Other significant functions of CPCI are economic development and the “Clean Technology” programs. Providing additional training and written material for CPCI staff will significantly expand the distribution and potentially increase the use of SDG&E energy efficiency programs.

## **IV. San Diego’s Climate Protection Action Plan**

As highlighted by the CPUC, California needs the assistance of all community sectors to deliver a large portion of GHG savings necessary to reach the goals of AB 32, the Global Warming Solutions Act of 2006. To that end, this three-part program has been designed to reduce greenhouse gas emissions and has diverse target audiences: 1) Provide GHG emission inventory updates to the Mayor and City Council in 2010-2012; 2) Update the Climate Protection Action Plan with the assistance of a Stakeholder group; 3) Provide outreach and education to targeted groups, including the high school education program

“Green Schools”, the annual “Youth Forum”, and peer-to-peer exchanges at the regional, state and national levels in order to make the best-in-class programs more transferable.

#### **V. CFL Bulb Recycling**

Effective February 9, 2006, California Universal Waste regulations no longer allow households and businesses to place universal waste in the regular trash or curbside recycling containers. This has created a significant unfunded mandate for cities and a sense of frustration to residents who desire to find appropriate disposal options. Additionally, it has posed a conflict between “energy efficiency” and “environmental protection”. The more efficient CFL bulbs contain mercury, and hence cannot be disposed of in the trash. The objective of this program is to work in concert with other regional household hazardous waste collection efforts in order to bridge CFL disposal options until such time that there is adequate manufacturer extended responsibility.

#### **VI. Balboa Park Energy Efficiency Program**

Most of the institutions in Balboa Park lease their buildings from the City of San Diego, and many have antiquated lighting and Heating Ventilation and Air-Conditioning (HVAC) systems. This program would provide technical assistance and project management guidance for all of the institutions in Balboa Park to upgrade their existing lighting and HVAC systems. The SDG&E On-Bill-Financing program will be an integral part of the financial success of this project. Building on energy audits that were completed in 2004, it is estimated that a minimum of 500,000 KWH and energy efficient improvements throughout Balboa Park could be accomplished through this proposed program. The Balboa Park Cultural Partnership (BPCP) has stepped forward to help coordinate energy efficiency activities. The City will leverage outreach with the institutions and work with the BPCP to assist with the technical aspects of the energy efficiency upgrades. This program would interact with all City departments that are responsible for facilities maintenance. As these energy efficiency measures are implemented, the self-sustaining marketing of the improvements will promote energy efficiency throughout Balboa Park.

The Local Government Partnership program provides an opportunity to improve the quality of life for San Diego residents by conserving energy, which translates into less air pollution, less expensive energy, energy independence, and a greater reliability of supply.

#### FISCAL CONSIDERATIONS:

Project implementation is intended to reduce energy consumption at City facilities and in the community. As a result, General Fund expenditures for energy may decrease. All administrative and operational costs for the Local Government Partnership Program are reimbursed to the City by SDG&E through the CPUC.

#### PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

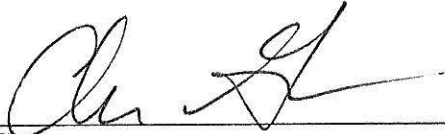
The community has benefited from the previous Local Government Partnership Program, as indicated by Attachment Three. Also noted in Attachment Three is the number of presentations that have been made to the community.

ENVIRONMENTAL REQUIREMENTS:

This activity is not a "project" and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c) (3). Projects will be proposed to be developed using these funds. At such time as these projects are developed, they will be reviewed for potential impacts.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Successful program implementation will benefit all sectors of San Diego because of gains in energy efficiency and conservation and a reduction in greenhouse gas emissions.



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Environmental Services Department



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Public Works