THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: February 19, 2010 REPORT NO: 10-020

ATTENTION: Council President and City Council

SUBJECT: California Public Utilities Commission Local Government Partnership Program

REFERENCE: The Committee On Natural Resources and Culture Committee of the City Council of the City of San Diego- October 28, 2009

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 $3,630,537, 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 in January 2010. The new contract will take effect in January 2010 and will continue until December 31, 2012. The proposed funding level is $3,630,537 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, including CFL Exchanges; 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.

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

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 Two** is a summary of the accomplishments and confirms the benefit of the Local Government Partnership program.

Attachment Three describes the intent of each of the program components and a summary of the goals.

DISCUSSION

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.

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.

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:
Natural Resources and Culture Committee, October 28, 2009. Recommendation was to advance to the full Council. Report that was to be presented to City Council in January was delayed because CPUC and SDG&E continued to change required terms of contract.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

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

ENVIRONMENTAL REQUIREMENTS:

This activity is not a "project" and is 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.

Chris Gonaver
Environmental Services Director

David Jarrell
Deputy Chief of Public Works

Attachments:

Attachment One- Excerpt of the CPUC decision
Attachment Two- SDG&E 2008 Annual Report Program Detail
Attachment Three- City of San Diego Local Government Partnership Program 2010-2012, Scope of Work Summary