

CITY OF OAKLAND

AGENDA REPORT

OFFICE OF THE CITY ADMINISTRATOR
2007 JUN 12 4:55

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Public Works Agency
DATE: June 12, 2007

RE: Resolution Authorizing The City Administrator To Proceed With Multiple Energy Efficiency Projects As Follows:

- 1) Accept And Appropriate Six Hundred Sixty-Six Thousand Six Hundred And Sixty-Six Dollars And Sixty-Seven Cents (\$666,666.67) Of Reliant Energy Settlement Funds And An Additional Nineteen Thousand Four Hundred Nine Dollars And Seventy-Four Cents (\$19,409.74) Of Williams Energy Settlement Funds For Alternative Energy Or Energy Efficiency Activities;**
- 2) Recognize And Appropriate Ninety-Five Thousand And Twenty Dollars And Twenty-Two Cents (\$95,020.22) Of Solar Project-Related Interest And Refund Revenue;**
- 3) Re-Appropriate One Million Five Hundred Thousand Dollars (\$1,500,000.00) Of Williams Energy Settlement Funds;**
- 4) Accept And Appropriate Rebates, Grants And Incentives For Energy Projects;**
- 5) Waive The Competitive Solicitation Processes For Various Energy Efficiency Services And Construction;**
- 6) Award Contracts For Various Energy Efficiency Services And Construction In Excess Of The City Administrator's Purchase Authority;**
- 7) Award A Contract To ICLEI Local Governments For Sustainability For Greenhouse Gas Emissions Assessment And Climate Action Planning In An Amount Not-To-Exceed Eighty Thousand Dollars (\$80,000.00); And**
- 8) Award Grants To Rising Sun Energy Center In The Amount Of Eighty Thousand Dollars (\$80,000.00) For The 2007 And 2008 CYES Program, Eco Logos, Inc. In The Amount Of Thirty-Five Thousand Dollars (\$35,000.00) For Launch Of A Pilot Carbon Credit Card Program, And Community Energy Services Corporation In The Amount Of Fifteen Thousand Dollars (\$15,000.00) For Its SmartLights Program**

SUMMARY

This report and the attached resolution requests authority for the City Administrator to accept and appropriate \$666,666.67 from the Reliant Energy Settlement and an additional \$19,409.74 from the Williams Energy Settlement; recognize and appropriate \$95,020.22 of solar project-related interest and refund revenue; and re-appropriate \$1,500,000.00 from the Williams Energy Settlement (C256510), for a total of \$2,281,096.63 to fund alternative energy and energy efficiency projects in City of Oakland facilities and in the Oakland community.

Under the terms of both the Williams Settlement agreement reached in 2002, and the Reliant Energy Settlement reached in 2006, use of these funding sources are restricted to "activities that

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promote alternative energy production or improved energy efficiency in the City.” Staff recommends a set of alternative energy production and energy efficiency projects that create a comprehensive package of actions for City facilities and the Oakland community with potential to deliver benefits that are significantly greater than program costs, including:

- Solar power on the 81st Avenue Library and Studio One;
- Completing the 1 Megawatt solar power project on City facilities;
- Energy efficiency improvements at City facilities;
- Greenhouse gas (GHG) emissions reduction initiatives;
- Collaboration with the Pacific Gas and Electric Company (PG&E) and others to provide energy efficiency and demand reduction programs to the Oakland community;
- Workforce development and training for citizens, focusing on energy efficiency as part of sustainable living.

This report includes project narratives and working budgets. Individual project budgets will be appropriated and allocated in the City Facilities Energy Conservation Projects Fund (4450).

FISCAL IMPACT

This resolution authorizes the City Administrator to accept and appropriate \$781,096.63 from the funding sources described below, and to redistribute \$1,500,000.00 of budget that is currently appropriated in the City Facilities Energy Conservation Fund (4450). These appropriations will fund the \$2,281,096.63 in energy-related projects described in this report and Attachment A.

The City Administrator is authorized and directed to take the following actions to carry out the intent of the resolution:

1. Accept and appropriate \$666,666.67 of Reliant Energy Settlement funds in the City Facilities Energy Conservation Fund (4450).
2. Accept and appropriate an additional \$19,409.74 of Williams Energy Settlement funds in the City Facilities Energy Conservation Fund (4450).
3. Recognize and appropriate \$95,020.22 of solar power project-related interest and refund revenue in the City Facilities Fund (4400).
4. Re-appropriate \$1,500,000.00 of budget that is currently appropriated in the City Facilities Energy Conservation Fund (4450), Williams Energy Settlement project (C256510).

The \$95,020.22 in solar power project-related interest will be appropriated to the City Facilities Fund (4400), Electric Services Organization (30529), Solar Power Lease Project (C282110); the

remaining funding will be appropriated in the City Facilities Energy Conservation Fund (4450) in the projects described herein.

Some of the projects listed in this report are eligible for rebates, grants and other incentives (incentives) from PG&E, the State of California and other organizations. This resolution also authorizes the City Administrator to accept and appropriate any incentives received for these projects into the City Facilities Energy Conservation Fund (4450), in order to offset the cost of these projects. Staff cannot provide an estimate for the amount of incentives that the City will receive at this time; however any incentive revenue received will be spent on the projects described herein.

These projects will result in ongoing savings from reduced energy costs. Staff estimates that the total annual savings from avoided energy costs are \$59,500.

BACKGROUND

On July 20, 2004, the Oakland City Council adopted three resolutions related to the Williams Energy Settlement: Resolution No.78707 C.M.S. authorized and directed the City Administrator to accept and appropriate \$3,500,000.00 from the Williams Energy Settlement to be received in four payments. Use of these funds is restricted to “activities that promote alternative energy production or improved energy efficiency in the City” and City of Oakland costs. Previous allocations of Williams Energy Settlement funds, under the direction of former Mayor Brown, were used to:

- Conduct a Community Choice Aggregation Feasibility Study and legal review;
- Build a One (1) Megawatt solar power system on City Facilities;
- Improve energy efficiency and operability of building temperature controls;
- Test energy-efficient street lighting products;
- Participate in climate change registries and the Chicago Climate Exchange;
- Advocate for energy efficiency programs at the State of California; and
- Train City Staff and the community about energy efficiency, conservation and generation.

On March 7, 2006, the City Council adopted resolution 79753 C.M.S. authorizing and directing the City Attorney to compromise and settle with Reliant Energy in the wholesale electricity antitrust case in the amount of \$666,666.67. On April 5, 2007, the City received a \$1,519,409.74 final payment for the Williams Energy Settlement, which is \$19,409.74 greater than anticipated.

KEY ISSUES AND IMPACTS

The proposed alternative energy and energy efficiency projects described herein align with stated City goals and objectives. Each project was evaluated for its potential to deliver compounded benefits significantly greater than the initial investment of settlement funds in one or more of the following categories:

- **Lasting Energy Cost Savings:**
Delivering cost-effective energy projects to provide savings long after avoiding energy costs equal to the cost of installation.
- **Seizing Opportunities:**
Providing timely added capital to maximize savings and reduce Greenhouse gas (GHG) emissions by funding all cost-effective energy efficiency improvements for active projects.
- **Job Training:**
Providing access to skills that Oakland workers will need to compete in the new green job market. For example, learning to retrofit buildings so they conserve energy can provide a way out of poverty and to increase participants' lifelong career potential.
- **Aids Small Businesses:**
Helping small Oakland businesses save money and supporting a vibrant economy.
- **Innovative Solutions with High Growth Potential:**
Positioning Oakland to create products and services for untapped markets.
- **Improves Oakland's Credibility for Grant Funding:**
Improving Oakland's ability to obtain private and public grant funding for future projects by realizing energy efficiency successes.

Several proposed projects benefit from maintaining continuity with organizations that already collaborate with the City. Therefore, the attached resolution authorizes the City Administrator to:

- Waive the competitive solicitation process of the Purchasing Ordinance (Oakland Municipal Code Section 2.04.050.I.5 and 2.04.051.B), and authorize the City Administrator to negotiate and award agreements totaling less than \$80,000 to Lawrence Berkeley National Laboratory (LBNL), Pacific Gas and Electric Company (PG&E), and their affiliates, for projects to develop energy efficient street lighting technology for Oakland, without returning to Council. LBNL and the City of Oakland have been collaborating on street lighting energy efficiency since 2001. PG&E recently increased its participation on street lighting energy efficiency issues. Therefore, the waiver requested above allows Staff to maintain the continuity of work with LBNL, PG&E and their affiliates to develop new, energy-efficient street lighting technology for Oakland.
- Waive the competitive solicitation requirements of the Purchasing Ordinance and award a contract not-to-exceed \$80,000.00 with ICLEI Local Governments for Sustainability (ICLEI), a non-profit specializing in greenhouse gas emissions

through their regional office in Oakland, for greenhouse gas emissions assessment and climate action planning. Working with ICLEI will continue building on the baseline greenhouse gas emissions inventory created by ICLEI's Cities for Climate Protection program in 2006.

- Grant \$80,000.00 to the Rising Sun Energy Center's youth training, summer job program delivered by California Youth Energy Services, a non-profit that provided training for Oakland youth in the summers of 2005 and 2006.
- Grant \$35,000.00 to Eco Logos, Inc. for launching of a pilot Carbon Credit Card program. Eco Logos is recommended for this program because they brought this specific approach, including the opportunity for additional funding to the City.
- Grant \$15,000.00 to Community Energy Services Corporation's SmartLights program for offering additional incentives, beyond the PG&E funded incentives, to Oakland businesses that construct energy efficiency improvements.

PG&E's energy efficiency programs have very aggressive goals and deadlines. Staff can engage in more PG&E programs when a qualified contractor can be hired promptly. Therefore, the attached resolution authorizes the City Administrator to waive competitive bid and solicitation requirements of the Purchasing Ordinance (Oakland Municipal Code Chapter 2.04, Article 2.04.050.I.5 and 2.04.051.B), and award contracts up to and in amounts in excess of the City Administrator's purchase authority without returning to the City Council, for professional and construction services for life-cycle cost-effective energy efficiency and renewable energy projects in City facilities, provided that bids and proposals are solicited from all certified Oakland businesses for the work.

PROGRAM AND PROJECT DESCRIPTION

The vision behind this proposed \$2,281,096.63 spending plan for Williams and Reliant settlement money is to measurably push energy-related activities in Oakland to a new level by:

- Creating a viable plan for efforts to reduce global warming, based on good data.
- Attracting more energy-related funding while supporting Oakland businesses, residents and municipal services with solid ways to save money.
- Promoting small programs with potential for big results and exponential growth.

The following programs and projects propose ways to direct the Williams and Reliant energy settlement funds, which according to the settlement requirements, must be used exclusively for "activities that promote alternative energy production or improved energy efficiency in the City."

Paying for Past Expenditures

The following program expenses have already been incurred. The Williams and Reliant settlement funds are the best source for appropriating the funds to the expenditures.

1. City Attorney Costs for the Williams Settlement: \$15,000

Appropriating \$15,000 will reimburse the Office of the City Attorney for expenses they already incurred while participating in the settlement. This amount was anticipated by the Williams Settlement document titled Distribution of Cash Contribution by AG (Attorney General) which specified a distribution of "\$15,000 to the City of Oakland for Costs."

2. Close Out One Megawatt Solar Power Project: \$177,063

The City completed a 1 Megawatt solar power installation that began operating at the Municipal Service Center and the Oakland Ice Center in November 2005. Although the project achieved the vital November deadline for receiving a Pacific Gas and Electric Company (PG&E) rebate of over \$3 million, the systems were not operating during the summer because seismic bracing was being added to the Oakland Ice Center.

Staff costs incurred for engineering and constructing seismic improvements to the Oakland Ice Center during summer 2005 account for the majority of the \$177,061 needed to fund the final set of expenditures and close the City's Solar Power Project (C256511).

High Priority Projects and Programs

The following proposals are each pivotal elements that fit into a master plan for achieving the next level of significant results in Oakland. These programs and projects attend to needs that are:

- Foundational, such as climate action planning,
- Transformational, such as increased activity in the community, or
- Economical, such as reducing energy costs for City facilities.

There are no other known sources for funding these activities, and if the City funds them, Oakland will gain attention that can lead to funding from other organizations when our efforts succeed.

3. Greenhouse Gas and Climate Action Planning Contract with ICLEI: \$80,000

Oakland needs a greenhouse gas (GHG) emissions reduction strategy, based on solid and current data, to help mitigate global warming, reduce our dependence on oil, and lower our energy expenditures. The attached resolution authorizes the City Administrator to negotiate and execute an agreement to continue working

with ICLEI Local Governments for Sustainability (ICLEI¹), an international non-profit with a regional office in Oakland, on climate action work.

After joining ICLEI in the 1990s, the City committed to conducting an inventory of our GHG emissions, setting a target for GHG emissions reductions, and creating a climate action plan. The effort was re-invigorated in 2005. In 2006, ICLEI worked with City staff² to complete a baseline GHG emissions inventory for the 2005 calendar year.

The next steps for the City of Oakland are:

- Setting targets for GHG emissions reductions;
- Creating a Climate Action Plan to meet the targeted reductions;
- Updating emissions figures.

ICLEI has demonstrated that they are the best organization for these tasks that are important for creating measurable results.

4. Increase Energy Efficiency and Green Building Activities in the Community and Economic Development Agency (CEDA) to Improve Efficiency City-Wide and Maximize Oakland's Access to Incentives: \$450,000

Oakland has a limited window of opportunity until early 2009 to dramatically increase the amount of rebate, incentive, grant and other co-funding dollars that come to Oakland for cost-effective, energy-related activities. CEDA has unique access to the community at pivotal moments to guide businesses toward programs that measurably improve their clients' economic viability. CEDA would use settlement funds to use internal staff, a consultant, or both to create a pilot program through June 2009 that will show how much benefit can be delivered here.

Energy efficiency programs specifically, and green building programs in general, can be made significantly more effective with a dedicated effort in CEDA. PG&E has many rebate programs, with millions of dollars of funding that can help deliver results in the Oakland business community through enhanced coordination, outreach and networking facilitated by CEDA. For example:

- PG&E just committed to spend \$3 million in Oakland in the next three years.
- PG&E's Non-Residential New Construction program offers free design assistance to designers and building owners who plan to construct new buildings or remodel existing buildings.

¹ Formerly called the International Council for Local Environmental Initiatives

² The Alameda County Climate Protection Project was funded by StopWaste.Org and included several other cities throughout Alameda County

- East Bay Energy Watch (EBEW), under contract to PG&E, has approximately \$7 million dollars of funding to work in Alameda, Contra Costa and Solano Counties, offering rebates and technical assistance to large and small businesses, including, restaurants, convenience stores and retail.
- EBEW's Building Tune-up (BTU) program can help Oakland businesses diagnose persistent and costly problems with their air-conditioning system controls. Fixing these problems can be very cost-effective, especially when a specialist from BTU is involved.
- EBEW's SmartLights program visits businesses and helps improve their lighting while reducing energy costs.
- PG&E's Express Efficiency program offers simplified rebates for improving lighting system efficiency.

PG&E will work with any community that will work with them, and all of these programs can bring more rebates and reduce energy costs in Oakland if they are aggressively and consistently coordinated in CEDA. In the fall of 2006, PG&E showed their dedication to Oakland by collaborating with SmartLights and CEDA staff to visit approximately 700 small businesses on International Boulevard. PG&E also acquired high quality cold-cathode lamps for relighting the Necklace of Lights in the fall of 2006.

5. Grant to California Youth Energy Services: \$80,000

In 2005 and 2006, the non-profit Rising Sun Energy Services (RSEC), through their California Youth Energy Services (CYES) program, hired and trained a total of 37 Oakland youth to provide free in-home energy audits, education, and hardware installation to low-income homeowners and renters. Young participants received job training and letters of recommendation. 1,000 low and moderate-income homeowners and renters in Oakland received retrofits that will result in an estimated \$400,000 in energy savings to these Oakland residents during the life of the equipment.

Based on their success and clients' overwhelming requests for future services, it is recommended that settlement funds be allocated to this effort for the next two years. In summer 2007, CYES plans to train approximately 25 young people to work in Oakland. Twenty of these young people will be served from two training facilities in Oakland; five will be trained at a location in Emeryville. They expect to serve approximately 500 Oakland households, primarily seeking clients who are non-English speaking renters in low to moderate-income households.

CYES' program can deliver lasting benefits that are significantly greater than City's initial investment, including job skills, in energy-related fields to increase the lifelong potential of each participant. They also expect to deliver an estimated 211,000 Kilowatt-Hours per year of energy savings, \$34,000 per year of energy cost savings, and 128 Metric Tons per year of avoided greenhouse gas emissions.

To maintain continuity with CYES, and to facilitate a summer 2007 training program in Oakland, the attached resolution authorizes the City Administrator to negotiate and execute an agreement with RSEC to provide services through the summer of 2008. Staff will meet with RSEC leaders to develop strategies for institutionalizing their work in the City.

6. Promote a Green Economy through Green Corps Job Training: \$100,000

Piloting a Green Corps Job Training Program administered by CEDA's Workforce Development Division can prepare young adults to install energy efficiency features and renewable energy systems. The program design would include a Request for Proposals to qualified community based organizations that have other, existing funding sources that can be leveraged to provide basic employment and training components such as job readiness training, life skills training, basic education (GED prep) and support services. Settlement funds would be used to support vocation-specific training and paid internships involving installing energy efficient equipment and renewable energy systems. A competitive RFP process will encourage job-training organizations to partner with contractors that specialize in energy efficiency and renewable energy projects. Organizations qualified in both areas (job training and energy efficiency/renewable energy work) will be highly competitive for these funds.

7. Energy Efficiency Upgrades and Retrofits for City Facilities: \$381,034

The City spent approximately \$8.9 million on electricity and natural gas for buildings, traffic signals, streetlights and vehicles in FY 2005-06. The City does not have any other capital on hand, besides the settlement money, to complete energy efficiency improvements.

Opportunities remain for cost-effective energy efficiency improvement projects in City facilities. Proposed projects include:

- Improved lighting, heating and air conditioning system efficiency in offices, libraries, fire stations, senior centers, parking garages and other buildings
- A campaign encouraging building occupants to conserve energy
- Continued street lighting efficiency research with Lawrence Berkeley National Laboratory, (LBNL), Pacific Gas and Electric Company (PG&E) and their affiliates

Typical simple paybacks for energy efficiency projects are seven years or less. Staff estimates that the City's energy costs would be reduced by approximately \$50,000 per year based on experience.

The California Public Utilities Commission has adopted very aggressive goals for energy efficiency projects with published monthly expectations for reducing electricity demand as well as electricity and natural gas consumption. PG&E program offerings and requirements can change quickly. Staff can seize

opportunities to engage in PG&E energy efficiency programs when a qualified contractor can be hired promptly.

Oakland can position itself to take greatest advantage of grant and rebate funds for energy efficiency projects and electricity demand reduction through PG&E and its affiliates by:

- Awarding contracts to LBNL, PG&E, and their affiliates for research to continue developing energy efficiency street lighting technology for the City, without returning to the City Council.
- Authorizing the awarding of professional and construction services for life-cycle cost-effective energy efficiency and renewable energy projects in City facilities, provided that bids and proposals are solicited from all certified Oakland businesses for the work.

Contractors who bid on this work will be notified of the interns available for hire who have participated in the Green Corps Job Training Program.

Policy Oriented Proposals

Each of the programs proposed in this section are important and relevant to a need in Oakland and require a policy decision and direction by City Council.

8. Climate Protection Lawsuit: \$76,000

In August 2002, the City of Oakland joined Friends of the Earth and Greenpeace, and the Cities of Arcata, Santa Monica, and Boulder (CO) to file a complaint in U.S. District Court (N.D. Cal.), (*FOE et. al. v. ExIm et. al.*) alleging that the Overseas Private Investment Corporation (OPIC) and Export-Import Bank (ExIm) had failed to comply with their obligations under the National Environmental Policy Act, 42 U.S.C. 4321 *et seq.* (NEPA) by providing federal funding to energy projects abroad that contribute to global warming. Staff from the Mayor's office and the City Attorney's office attended mediation sessions, but no out of court settlement was reached.

The City's standing to bring this suit was challenged in 2005, but upheld. This is the first time that any federal court has recognized standing to pursue claims challenging federal actions that may contribute to global warming.

The attached resolution authorizes the City Administrator to allocate funds from the Williams and Reliant Energy Settlement Fund to this effort to ensure the City Attorney's continued efforts in pursuing this lawsuit.

9. Install Solar Power at City Facilities: \$287,000

The City has an opportunity to add to its One (1) Megawatt of solar power on City facilities. When sizeable new City facilities are constructed, the essential infrastructure for adding solar power in the future is often installed, including clear space on the roof, pipes in walls and a closet for the equipment. For example, the 81st Avenue Library and Studio One are being designed to accommodate solar power. The requested funds may be used to add solar power to these facilities. The final locations and sizes will depend upon final pricing and total project funding availability.

Contractors who bid on this work will be notified of the interns available for hire who have participated in the Green Corps Job Training Program and will be encouraged to hire from that pool of potential employees.

10. Promote Solar Power in the Community: \$35,000

Granting the proposed funds to a non-profit organization that promotes solar power and jobs skills development while building solar power systems on low-income homes creates compounded benefits that will build alternative energy production infrastructure in Oakland.

11. Grant to Eco Logos for a Carbon Credit Card Pilot in the Bay Area: \$35,000

Eco Logos, Inc (ELI) proposes to launch a \$300,000 pilot project in the Bay Area to establish a "Carbon Credit Card" and use the power of the consumer economy to reduce carbon emissions in Oakland. ELI proposes to obtain co-funding from other sources for the project, therefore it is recommended that City funding be contingent upon confirmation that sufficient funds are committed from other sources. Marin County has already committed to participate and staff in the cities of Berkeley and San Francisco are approaching their City Councils to encourage participation as well.

The Carbon Credit Card is a voluntary program that applies carbon trading methods used in climate exchanges, by bringing them to the local individual and retail levels and then aggregating up to tradable quantities. The initial pilot application will be for buildings and transportation modalities in the Bay area. The pilot will work well in the City of Oakland since the City has already adopted Kyoto carbon reduction policies and was one of the earliest cities to join the Chicago Climate Exchange (CCX).

To launch this pilot and streamline the Carbon Credit Card so that it can be taken statewide and eventually nationwide, the following tasks would be completed:

- Identify existing owners of high mileage vehicles who would qualify for carbon credits;

- Identify owners of energy efficient homes that are currently built better than required by the State's Title 24 energy efficiency standards;
- Work with Sustainable Capital to process the carbon credits;
- Identify green businesses in the Bay Area who would participate;
- Work with participating cities to provide incentives for businesses to join the program.

12. Grant to SmartLights for Small Business Energy Efficiency: \$15,000

With modest co-funding from the City, PG&E's East Bay Energy Watch (EBEW) SmartLights Program, managed by Community Energy Services Corporation, can help small Oakland businesses retrofit fixtures that would otherwise be overlooked.

EBEW and SmartLights are among several PG&E offerings under the supervision of the California Public Utilities Commission (CPUC). In October and November 2006, a joint team of PG&E, SmartLights and City Staff visited approximately 700 businesses covering the whole length of International Boulevard from First Street to the San Leandro border. The team found that many businesses declined to retrofit their 8-foot long fluorescent lighting fixtures because the rebate was too small. Although Energy Section Staff are already making the case to the CPUC, it does not appear that the rebate amount can be reconsidered until 2009.

It is recommended that funds be granted to SmartLights to address the cost barriers to fluorescent lighting fixture retrofits provided the following conditions are met:

- Funds must be used to reduce the cost to a 3-year simple payback or longer.
- City Staff approval is required before additional incentives may be offered.
- Funds are restricted to 8-foot fluorescent lighting fixtures unless PWA staff review and approve an alternative in writing.

13. Community Choice Aggregation (CCA) or Alternative Programs: \$550,000

The City Council will have an option to create a CCA pool to purchase electricity on behalf of Oakland electric ratepayers. A draft Business Plan is in development now to assess the opportunities and risks of CCA. Staff expects to bring the draft Plan to the City Council for consideration and feedback when it is sufficiently complete for a productive discussion³.

The initial CCA feasibility study (Phase I) and the Business Plan (Phase II) were funded from Williams and Duke Energy settlements with costs totaling \$246,500. The current estimate of non-recoverable costs for creating a CCA pool (Phase III)

³ At the current pace, the draft plan should be ready for consideration by the end of fall 2007.

is \$550,000. Setting aside this money now will make CCA implementation easier if the City Council decides to move forward. However, CCA is a new and evolving effort and the final amount for non-recoverable costs may differ from this estimate as details are determined. For example, participation of other cities, unforeseen regulatory requirements, or new issues that arise may create a need for additional funding.

Navigant Consulting, Inc estimates that non-recoverable start-up expenses costs for Phase III total \$550,000 for the following:

- Establishing a joint powers authority;
- Final negotiation of power supply and other contracts;
- Preparing customer notifications and informational materials;
- Executing utility service agreements;
- Submitting registration package with the CPUC;
- Updating the load forecast and resource plan;
- Final initial year operating budget and rates;
- Project management and support.

Should the City Council decide to forgo setting money aside for Community Choice Aggregation, alternative options for use of the \$550,000 could include:

- Adding energy-related elements to other workforce development programs;
- Funding energy-related summer jobs programs;
- Constructing additional energy efficiency improvements at City facilities;
- Constructing additional solar powered electricity generation projects at City facilities;
- Constructing solar hot water heating projects at City facilities;
- Making energy efficiency improvements to the City equipment fleet;
- Providing incentives to the Oakland community to supplement PG&E's solar power incentives;
- Providing strategic incentives to the Oakland Community to supplement PG&E's energy efficiency incentives;
- Funding strategic research and master planning for energy efficiency and renewable energy in Oakland;
- Providing or funding training for energy efficiency skills in businesses and the community.

SUSTAINABLE OPPORTUNITIES

Economic: The Williams and Reliant Energy Settlement funds will be used to increase energy efficiency and decrease energy costs for the City and the Oakland community.

Environmental: Energy efficiency measures and renewable energy production have a positive environmental impact by reducing greenhouse gas and other toxic emissions.

Social Equity: Adopting the attached resolution will initiate alternative energy production and energy efficiency projects that will create local jobs.

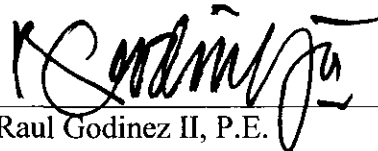
DISABILITY AND SENIOR CITIZEN ACCESS

This report and resolution will not have a direct impact on disability and senior citizen access.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the attached resolution to authorize the City Administrator to accept and appropriate \$666,666.67 from the Reliant Energy Settlement; to accept and appropriate an additional \$19,409.74 of Williams Energy Settlement funds; and reprogram \$1,500,000.00 of Williams Energy Settlement funds (C256510) within the City Facilities Energy Conservation Projects Fund (4450); and to recognize and appropriate \$95,020.22 of solar power project-related interest and refund revenue to the City Facilities Fund (4400), Electric Services Organization (30529), Solar Power Lease Project (C282110), the appropriate Agency/ Department/ Organization (based on the project), and project numbers to be established for projects and activities that promote alternative energy production and energy efficiency in the City of Oakland facilities and the Oakland community.

Respectfully submitted,

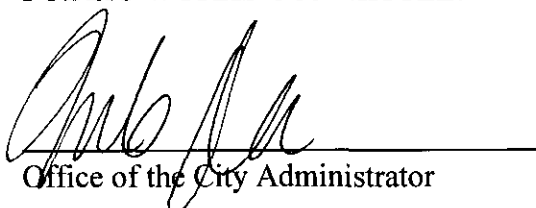


Raul Godinez II, P.E.
Director, Public Works Agency

Reviewed by:
Bruce Saunders, Assistant Director

Prepared by:
Scott Wentworth, Energy Engineer, Electrical Services

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:

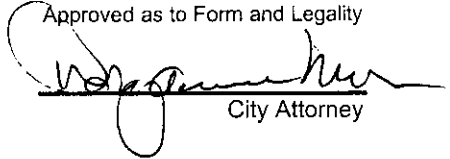

Office of the City Administrator

Williams and Reliant Energy Settlement Fiscal Impact Details

Program and Project Description Item Number	Description	Amount	Category	Lasting Energy Cost Savings	Seizes Opportunities	Job Training	Aids Small Business	Innovative Solution with High Growth Potential	Improves Oakland's Credibility for Grant Funding
Paying for Past Expenditures									
1	City Attorney Costs for the Williams Settlement	\$ 15,000.00	City Attorney		◆				◆
2	Close Out One Megawatt Solar Power Project	\$ 177,063.00	Solar Power	◆				◆	◆
Paying for Past Expenditures Subtotal		\$ 192,063.00							
High Priority Projects and Programs									
3	Greenhouse Gas and Climate Action Planning Contract with ICLEI	\$ 80,000.00	Community	◆	◆			◆	◆
4	Increase Energy Efficiency and Green Building Activities in the Community and Economic Development Agency to Improve Efficiency City-Wide and Maximize Oakland's Access to State Incentives	\$ 450,000.00	Community	◆	◆	◆	◆	◆	◆
5	Grant to California Youth Energy Services	\$ 80,000.00	Community	◆	◆	◆			◆
6	Promote a Green Economy through a Green Corps Job Training Program	\$ 100,000.00	Community	◆	◆	◆		◆	◆
7	Energy Efficiency Upgrades and Retrofits for City Facilities	\$ 381,033.63	City Facilities	◆	◆		◆	◆	◆
High Priority Project and Program Subtotals		\$ 1,091,033.63							
Policy Oriented Proposals									
8	Climate Protection Lawsuit	\$ 76,000.00	Community	◆					◆
9	Install Solar Power at City Facilities	\$ 287,000.00	Solar Power	◆	◆				◆
10	Promote Solar Power in the Community	\$ 35,000.00	Community	◆	◆	◆	◆	◆	◆
11	Grant to Eco Logos for a Carbon Credit Card Pilot in the Bay Area	\$ 35,000.00	Community		◆		◆	◆	◆
12	Grant to SmartLights for Small Businesses Energy Efficiency	\$ 15,000.00	Community	◆	◆		◆		◆
13	Community Choice Aggregation (CCA) or Alternative Programs	\$ 550,000.00	Community	◆	◆			◆	◆
Policy Oriented Proposal Subtotals		\$ 998,000.00							
Grand Total of Expenditures		\$ 2,281,096.63							

Williams and Reliant Energy Settlement - Attachment A

Item _____
Public Works Committee
June 12, 2007


City Attorney

OFFICE OF THE CITY CLERK
2007 MAY 31 PM 4:55

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO PROCEED WITH MULTIPLE ENERGY EFFICIENCY PROJECTS AS FOLLOWS:

- 1) ACCEPT AND APPROPRIATE SIX HUNDRED SIXTY-SIX THOUSAND SIX HUNDRED AND SIXTY-SIX DOLLARS AND SIXTY-SEVEN CENTS (\$666,666.67) OF RELIANT ENERGY SETTLEMENT FUNDS AND AN ADDITIONAL NINETEEN THOUSAND FOUR HUNDRED NINE DOLLARS AND SEVENTY-FOUR CENTS (\$19,409.74) OF WILLIAMS ENERGY SETTLEMENT FUNDS FOR ALTERNATIVE ENERGY OR ENERGY EFFICIENCY ACTIVITIES;
- 2) RECOGNIZE AND APPROPRIATE NINETY-FIVE THOUSAND AND TWENTY DOLLARS AND TWENTY-TWO CENTS (\$95,020.22) OF SOLAR PROJECT-RELATED INTEREST AND REFUND REVENUE;
- 3) RE-APPROPRIATE ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) OF WILLIAMS ENERGY SETTLEMENT FUNDS;
- 4) ACCEPT AND APPROPRIATE REBATES, GRANTS AND INCENTIVES FOR ENERGY PROJECTS;
- 5) WAIVE THE COMPETITIVE SOLICITATION PROCESSES FOR VARIOUS ENERGY EFFICIENCY SERVICES AND CONSTRUCTION;
- 6) AWARD CONTRACTS FOR VARIOUS ENERGY EFFICIENCY SERVICES AND CONSTRUCTION IN EXCESS OF THE CITY ADMINISTRATOR'S PURCHASE AUTHORITY;
- 7) AWARD A CONTRACT TO ICLEI LOCAL GOVERNMENTS FOR SUSTAINABILITY FOR GREENHOUSE GAS EMISSIONS ASSESSMENT AND CLIMATE ACTION PLANNING IN AN AMOUNT NOT-TO-EXCEED EIGHTY THOUSAND DOLLARS (\$80,000.00); AND
- 8) AWARD GRANTS TO RISING SUN ENERGY CENTER IN THE AMOUNT OF EIGHTY THOUSAND DOLLARS (\$80,000.00) FOR THE 2007 and 2008 CYES PROGRAM, ECO LOGOS, INC. IN THE AMOUNT OF THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00) FOR LAUNCH OF A PILOT CARBON CREDIT CARD PROGRAM, AND COMMUNITY ENERGY SERVICES CORPORATION IN THE AMOUNT OF FIFTEEN THOUSAND DOLLARS (\$15,000.00) FOR ITS SMARTLIGHTS PROGRAM

WHEREAS, the Attorney General of the State of California, on behalf of the City of Oakland and other entities, negotiated a settlement of legal claims against Williams Energy Corporation (Williams) and Reliant Energy Corporation (Reliant); and

WHEREAS, pursuant to the terms of the settlement, Williams has provided the City of Oakland with a total of \$3,519,409.74 that is restricted to funding activities that promote alternative energy production or improved energy efficiency in the City; and

WHEREAS, pursuant to Resolution No. 78707, adopted July 20, 2004, the City Council accepted and appropriated \$1,500,000.00 of the Williams settlement funds in the City Facilities Energy Conservation Projects Fund (4450), and received a \$1,519,409.74 final payment on April 5, 2007, that was \$19,409.74 greater than anticipated; and

WHEREAS, pursuant to Resolution No. 79753 C.M.S. adopted May 7, 2006 the City Council authorized and directed the City Attorney to settle the Reliant Energy component of the Wholesale Electricity Antitrust case for the sum of \$666,666.67; and

WHEREAS, pursuant to the terms of the settlement, Reliant has provided the City of Oakland with a total of \$666,666.67 restricted to funding activities that promote alternative energy production or improved energy efficiency in the City; and

WHEREAS, the City accrued \$88,020.22 in interest for lease funds held during the completion of the Solar Power Lease Project (C282110) and a \$7,000.00 refund from PowerLight corporation, also associate with the solar power project totaling \$95,020.22 in solar project related interest and refund revenue; and

WHEREAS, Pacific Gas and Electric Company (PG&E) offers rebates and incentives to encourage the City to deliver energy efficiency and alternative energy improvements; and

WHEREAS, the Oakland City Council members and other Oakland leaders have pursued alternative energy and energy efficiency for many years; and

WHEREAS, the proposed programs and initiatives for alternative energy production and energy efficiency projects described in the agenda report and attachment accompanying this Resolution are aligned with Council goals, objectives and initiatives highlighted in the following documents: Sustainable Community Development Initiative; Mayor/Council Goals and Citywide Objectives in the FY 2005-2007 Adopted Policy Budget; and proposed initiatives highlighted in the Sustainability Oriented Economic Development agenda report delivered to the CEDA committee on April 26, 2005; and

WHEREAS, City Staff is collaborating with Lawrence Berkeley National Laboratory (LBNL) and PG&E to develop street lighting energy efficiency methods; and

WHEREAS, the City Administrator has determined that it is appropriate to waive the City's Local and Small Local Business Enterprise Program Requirements for the LBNL contract; and

WHEREAS, the City Administrator has determined that it is in the interest of the City to waive competitive solicitation requirements of the Purchasing Ordinance (Chapter 2.04 of the Oakland Municipal Code) for reasons detailed in the agenda report and attachment accompanying this resolution, and further recommends negotiation and execution of agreements totaling less than \$80,000 without returning to the City Council for professional services for research to continue developing energy efficient street lighting technology, provided by LBNL, PG&E, and their research affiliates; and

WHEREAS, the City Administrator has determined that it is in the interest of the City to waive competitive solicitation requirements of the Purchasing Ordinance for reasons detailed in the agenda report and attachment accompanying this resolution, and further recommends negotiation and execution of agreements for professional and construction services for life-cycle cost-effective energy efficiency and renewable energy projects in City facilities without return to Council provided that bids and proposals are solicited from all qualified Oakland-certified local and small, local businesses for the work; and

WHEREAS, the City of Oakland has committed, as a member of ICLEI Local Governments for Sustainability (ICLEI), to develop a greenhouse gas emissions reduction target and a Climate Action Plan; and

WHEREAS, ICLEI is a non-profit organization with a regional headquarters office in Oakland was contracted by StopWaste.Org to organize The Alameda County Climate Protection Project to prepare a baseline greenhouse gas emissions inventory for the 2005 calendar year which includes Oakland; and

WHEREAS, the City Administrator has determined that it is in the interest of the City to waive competitive solicitation requirements of the Purchasing Ordinance for reasons detailed in the agenda report and attachment accompanying this resolution, and further recommends negotiation and execution of an agreement for professional services associated with greenhouse gas emissions assessment and Climate Action Plan, provided by ICLEI in an amount not-to-exceed \$80,000.00; and

WHEREAS, the City Administrator has determined that any contracts awarded for services hereunder are of a professional, technical or scientific and temporary nature and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, Rising Sun Energy Services (RSEC), through their California Youth Energy Services (CYES) has been providing energy-oriented youth training programs in Oakland since 2005 and can continue providing programs in Oakland for summers through 2008; and

WHEREAS, Eco Logos proposes to launch a pilot program establishing a “Carbon Credit Card” to use the power of the consumer economy to reduce carbon emissions in Oakland with funding from the City of Oakland that is contingent on verifying that adequate funds are committed by other sources; and

WHEREAS, Community Energy Services Corporation (CESC) is a subcontractor to PG&E’s East Bay Energy Watch Program and that has been providing energy efficiency improvements to Oakland businesses since 2001 through it’s SmartLights program and has identified a need for additional incentives in addition to PG&E funded incentives to successfully encourage Oakland businesses to make cost-effective energy efficiency improvements; and

WHEREAS, the City Administrator has determined that it is in the interest of the City to grant \$80,000.00 to RSEC for the CYES program in 2007 and 2008; to grant \$35,000.00 to Eco Logos, Inc. for launch of a pilot Carbon Credit Card program; and to grant \$15,000.00 to Community Energy Services Corporation (CESC) for its SmartLights program; now, therefore be it

RESOLVED: That the City Administrator or designee is authorized to: 1) accept and appropriate \$666,666.67 from the Reliant Energy Settlement and \$19,409.74 of additional Williams Energy Settlement funds to the City Facilities Energy Conservation Projects Fund (4450); 2) re-appropriate \$1,500,000.00 of Williams Energy Settlement (C256510) funds to the City Facilities Energy Conservation Projects Fund (4450); and 3) recognize and appropriate \$95,020.22 of Solar Power project-related interest and refund revenue to the City Facilities Fund (4400), Electric Services Organization (30529), Solar Power Lease Project (C282110), as described in the agenda report and accompanying attachment hereto; and be it

FURTHER RESOLVED: That the City Administrator or designee is authorized to accept and appropriate rebates, grants and incentives for energy projects; and be it

FURTHER RESOLVED: That, pursuant to Oakland Municipal Code Section 2.04.050.1.5 and 2.04.051.B and based on the findings and recommendations of the City Administrator in the agenda report accompanying this resolution, the City Council finds and determines that it is in the City's interest to waive the competitive solicitation process of the Purchasing Ordinance and so waives that requirement, and authorizes the City Administrator to award contracts up to and in excess of the City Administrator's purchase authority, and totaling less than \$80,000, to Lawrence Berkeley National Laboratory, Pacific Gas and Electric Company and their affiliates for research to continue developing energy efficient street lighting technology for the City of Oakland, without return to Council; and be it

FURTHER RESOLVED: That pursuant to the Oakland Municipal Code Chapter 2.04, Article 2.04.050.1.5 and 2.04.051.B, the City Council finds and determines that it is in the interest of the City to waive competitive bid and solicitation requirements of the Purchasing Ordinance for reasons detailed in the agenda report and attachment accompanying this resolution, and hereby waives such requirements, and authorizes the City Administrator to award contracts for professional and construction services for life-cycle cost-effective energy efficiency and renewable energy projects in City facilities, up to and in amounts in excess of the City Administrator's purchase authority without returning to the City Council, provided that bids and proposals are solicited from all qualified, Oakland-certified local and small, local businesses for the work; and be it

FURTHER RESOLVED: That pursuant to the Oakland Municipal Code Chapter 2.04, Article 2.04.051.B, the City Council finds and determines that it is in the interest of the City to waive the competitive solicitation requirements of the Purchasing Ordinance based on the findings and recommendations of the City Administrator in the agenda report accompanying this resolution, and hereby waives such requirements and authorizes the City Administrator to award a contract to ICLEI Local Governments for Sustainability for greenhouse gas emissions assessment and climate action planning in an amount not-to-exceed \$80,000.00; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to expend funds from the Williams Energy Settlement (C256510) within the City Facilities Energy Conservation Projects Fund (4450) to award an \$80,000.00 grant to Rising Sun Energy Center for their CYES program in Oakland, to award a \$35,000.00 grant to Eco Logos to support the launch of a pilot Carbon Credit Card program contingent on verifying that adequate funds are committed by other sources, and to award a \$15,000.00 grant to Community Energy Services Corporation so that it can provide additional incentives to Oakland businesses for energy efficiency retrofits through its SmartLights program; and be it

FURTHER RESOLVED: That all grants and professional services contracts authorized herein shall be paid with Williams and Reliant Energy Settlement funds within the City Facilities Energy Conservation Projects Fund (4450); and be it

FURTHER RESOLVED: That the City Administrator or designee is authorized to transfer funds between departments and projects as necessary to achieve the optimal use of resources; and be it

FURTHER RESOLVED: That the City Administrator is authorized to temporarily allocate funds, as a short-term loan from the City Facilities Energy Conservation Fund (4450), to projects that have committed rebates from PG&E or the State of California, provided that such allocation is limited to the amount of the rebate, and loaned funds will be returned to the City Facilities Energy Conservation Fund (4450) upon receipt of the rebate from PG&E; and be it

FURTHER RESOLVED: That staff will return to the City Council for award of other contracts not listed above that exceed the City Administrator's purchase authority; and be it

FURTHER RESOLVED: That, unless specifically designated above, all grantees and contractors will be bound by all applicable Oakland laws and policies including the Living Wage Ordinance; the Local Employment Program; the 15% Apprenticeship Policy; the Local and Small Business Enterprise Program; the Equal Benefits Ordinance; the Local Construction Employment referral Program and the Disadvantaged Business Enterprise Program; and be it

FURTHER RESOLVED: That all contracts authorized hereunder shall be reviewed and approved for form and legality by the Office of the City Attorney and a final copy shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California