

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Public Works Agency and Mayor's Office, Sustainability Programs
DATE: April 12, 2005

2005 MAR 31 PM 1:23

RE: REPORT AND A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND AWARD CONSTRUCTION AND PROFESSIONAL SERVICES CONTRACTS FOR ACTIVITIES PROMOTING ALTERNATIVE ENERGY PRODUCTION AND ENERGY EFFICIENCY IN THE CITY OF OAKLAND IN AN AMOUNT NOT TO EXCEED \$500,000, FUNDING TO COME FROM THE DUKE ENERGY SETTLEMENT FUND

SUMMARY

This report and resolution concerns the Duke Energy Settlement Fund. The resolution authorizes the City Administrator to allocate and expend \$500,000 received from the Duke Energy Settlement. Under the terms of the Settlement agreement reached in September 2004, these settlement funds can only be used for "activities that promote alternative energy production or improved energy efficiency in the City." The resolution also authorizes the City Administrator to negotiate and award professional services and construction contracts with the \$500,000 from the Duke Energy Settlement Fund for the purpose of expediting the implementation of activities that promote alternative energy production or improved energy efficiency in the City.

The budget for this funding source has been established in Fund 1100, Project C256520.

FISCAL IMPACT

Approval of this resolution authorizes the City Administrator to allocate and expend \$500,000 from the Duke Settlement (Project C256520, Self Insurance Liability Fund 1100) for energy efficiency and alternative energy projects. Specific project ideas are proposed in the Project Description section of this report.

The net fiscal impact of energy efficiency and alternative energy projects on operations and maintenance budgets is generally favorable. Energy efficiency projects within City operations often create a net reduction in future operation and maintenance budgets due to reduced utility bills. Alternative energy production projects may have fluctuating maintenance budgets, but their overall fiscal impact is generally revenue positive.

BACKGROUND

On January 4, 2005, the Oakland City Council adopted Resolution No.78998, authorizing and directing the City Attorney to compromise and settle with Duke Energy in the Wholesale Electricity Antitrust case in the amount of \$500,000. A condition of this settlement is that the funds may only be used for activities that promote alternative energy production or improved energy efficiency in the City.

Since 1990, energy efficiency engineering, upgrades and retrofits have reduced energy consumption in City-owned facilities by approximately 19%. These efforts save approximately \$1 million each year in City operations and maintenance, cut approximately 9 million kilowatt hours of energy use, and have resulted in the reduction of about 3,500 tons of pollution. Most of the lighting retrofits and all of the mechanical engineering provided for energy efficiency projects since January 2001 were from certified Oakland businesses (Controlled Energy, Amtech Lighting and Rumsey Engineers).

During that same time period, the greater Oakland community has reduced its energy use by over 17 million kilowatt hours per year, resulting in a savings of nearly \$2 ½ million in energy costs annually.

The resolution that accompanies this report authorizes the City Administrator to allocate and expend the settlement funds, and to negotiate and award construction and professional service contracts for the purpose of implementing projects and initiatives that promote alternative energy production or improved energy efficiency in the City.

Allowing informal bid solicitation and negotiations for energy projects has a favorable track record. Resolution 76295 C.M.S., passed February 20, 2001, "finds and determines that it is in the best interest of the City to waive the formal bid requirements for energy efficiency projects to be constructed with the loan from the CEC and authorizes the City Manager (now City Administrator) to informally solicit bids and negotiate if necessary, and to award contracts for design and construction of said energy efficiency projects, as well as any related contracts for service." As a result of Resolution 76295 C.M.S, staff implemented energy efficiency retrofits in 56 buildings, with avoided costs estimated at \$130,000 per year.

KEY ISSUES AND IMPACTS

As laudable as Oakland's past successes are, there is far more to be done to achieve excellence. Significant gains are possible not only in reducing Oakland's energy use, but also in ensuring that an increasing percentage of the energy we use is sourced from alternative and renewable energy sources.

Staff in the Public Works Agency and in the Mayor's Sustainability Programs have identified categories of alternative energy production and energy efficiency projects that meet numerous

goals and objectives highlighted in the Sustainable Community Development Initiative and the Mayor/Council Goals and Citywide Objectives, as documented in the FY 2003-2005 Adopted Policy Budget.

The spending authority in the resolution will allow the Public Works Agency and the Mayor's Office to move quickly and efficiently when initiating and implementing alternative energy and energy efficiency projects that meet City goals.

PROJECT DESCRIPTION

With the \$500,000 from the Duke Settlement, we propose to initiate some of the projects in the following categories, with priority given to projects that meet most or all of the following criteria:

- They are life-cycle cost effective due to avoidance of energy use and cost;
- They stimulate job growth in under-served areas of Oakland;
- They foster job training for Oakland residents;
- They are aligned with Council priorities on fostering socially and environmentally sustainable economic growth (report to be delivered to CEDA committee on 4/26/05).

1. Energy Training and Youth Jobs

A. **California Youth Energy Services:** In collaboration with the California Youth Energy Services (CYES) program, we propose to provide job training to Oakland high school students who in turn provide money saving resource conservation (electricity, water, gas) audits to local residences. The City of Berkeley launched a CYES program two years ago as a summer employment program for local high school students, helping them gain critical job skills while decreasing utility bills for residents. Its success has attracted additional substantial funding from the CPUC for a comprehensive two-year effort. We propose to work with CYES to develop an equally successful program for Oakland.

Estimated cost range: \$50-85,000 for an initial summer program

B. **Equity Express:** In collaboration with the Center for Neighborhood Technology (CNT), launch a pilot project to provide financial services counseling to lower-income Oakland residents so that they can set up savings accounts and build wealth through savings on energy and transportation.

Estimated cost range: CNT has proposed a budget of \$110,000 for a 20-month period that does not include necessary staff time from Oakland.

Before recommending that this program be pursued, sustainability staff in the Mayor's office would need to conduct additional research and have additional meetings with CNT staff to determine project scope and required Oakland resources.

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- 2. Energy Efficiency Projects:** *Build on existing momentum to ensure that Oakland municipal buildings and operations are efficient. Collaborate with various sectors in Oakland to ensure that operations in the wider Oakland community are also as efficient as possible.*
- A. Green Oakland Facilities:** Continue cost-effective retrofitting of City of Oakland facilities (buildings, pools, traffic signals and streetlights) for energy efficient lighting, heating and cooling.
Estimated Cost Range: \$75,000 - \$125,000
- B. From Dry Cleaning to Green Cleaning:** Green Cleaning (sometimes referred to as wet cleaning) is a more environmentally benign alternative to dry cleaning. Rebates may be available from PG&E to businesses that are interested in switching to this more benign form of cleaning. With resources from the Duke Settlement Fund, a project to transform dry cleaners into energy efficient green cleaners could be initiated.
Estimated Cost Range: \$65,000 - \$85,000
- 3. Renewable Energy Projects:** *Support the expansion of renewable energy in Oakland*
- A. Community Choice Aggregation:** Support the development of a Community Choice Aggregation Implementation Plan for Oakland and implement other recommendations from the Community Choice Aggregation study now being completed by Navigant Consulting. A report and resolution authorizing this expenditure is scheduled for the May 24 Public Works Committee.
Estimated Cost Range: \$92,000 - \$180,000
- B. Solar Inspections:** Train existing City staff to inspect the installation of solar systems on residential and commercial developments.
Estimated Cost Range: \$1,500 - \$5,000
- 4. Community Awareness and Dialogue:** *Publicize the economic, environmental and social equity benefits that accrue from alternative energy and energy efficiency projects and engage the Oakland community in a constructive dialogue to move forward in both areas*
- A. Public Relations campaign on promoting Solar in Oakland and other energy issues:** Launch a public relations and media campaign to promote the economic and environmental benefits of renewable energy and energy efficiency.
Estimated Cost Range: \$10,000 - \$30,000
- B. Promote Energy Efficient Mortgages and Energy Efficient Buildings and Businesses in Oakland:** In collaboration with Wells Fargo, host a conference on Energy Efficient Mortgages and Financing Green, Energy Efficient Buildings and Businesses in Oakland.
Estimated Cost Range: \$10,000

5. Research & Planning: *Consolidate necessary data for the purpose of understanding which projects have the most leverage in terms of economic and environmental impact*

- A. **Chicago Climate Exchange:** Join the Exchange; Assess and publish Oakland's data
Estimated Cost Range: \$2,000 - \$5,000
- B. **California Climate Registry:** Join the Registry; Assess and publish Oakland's data.
Estimated Cost Range: \$2,500 – 3,500
- C. **Foster Local Energy Production:** Collaborate with other California communities to study the feasibility of local energy production from tidal, wave and wind energy sources.
Estimated Cost Range: \$25,000 - \$45,000
- D. **Solar Bond:** Study the feasibility of a \$75-100 million bond for solar, energy efficiency, and co-generation projects in Oakland & Berkeley.
Estimated Cost: \$100,000. Note: this money would be returned to the City if bond financing is secured.

SUSTAINABLE OPPORTUNITIES

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

Environmental: The use of energy efficiency measures and renewable energy sources has a profound and positive environmental impact as they reduce greenhouse gas and other toxic emissions.

Social Equity: A growing body of research documents a positive correlation between alternative energy production and energy efficiency initiatives with job creation. It is therefore anticipated that employment will be created through the promotion of alternative energy and improved energy efficiency, and within renewable energy and energy efficiency businesses. In addition, reduction in fixed energy costs is especially helpful to lower income families.

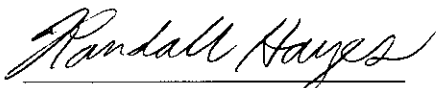
DISABILITY AND SENIOR CITIZEN ACCESS

This report and resolution will not have an effect on disability and senior citizen access.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the attached resolution to: 1) allocate and expend \$500,000 from the Duke Energy Settlement for alternative energy production and energy efficiency projects, and 2) authorize the City Administrator to negotiate and award construction and professional services contracts of up to \$500,000 from the Duke Settlement for projects that promote alternative energy production or improved energy efficiency in Oakland.

Respectfully submitted,



RANDALL HAYES

Sustainability Director

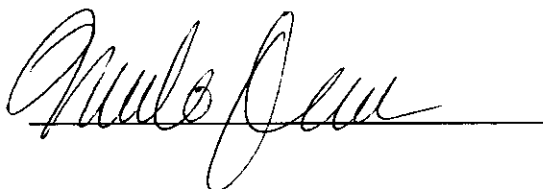
Mayor's Office

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APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE



DRAFT

OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

2005 MAR 31 PM 1:23

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND AWARD CONSTRUCTION AND PROFESSIONAL SERVICES CONTRACTS FOR ACTIVITIES PROMOTING ALTERNATIVE ENERGY PRODUCTION AND ENERGY EFFICIENCY IN THE CITY OF OAKLAND IN AN AMOUNT NOT TO EXCEED \$500,000, FUNDING TO COME FROM THE DUKE ENERGY SETTLEMENT FUND

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 Duke Energy Corporation and other Duke entities (Duke); and

WHEREAS, pursuant to the terms of the settlement Duke has provided the City of Oakland with \$500,000 to fund activities that promote alternative energy production or improved energy efficiency in the City; and

WHEREAS, Mayor Brown, City Council members and other Oakland leaders have expressed interest in alternative energy and energy efficiency for many years; and

WHEREAS, the allocation of these funds will allow the city to launch additional energy efficiency and alternative energy initiatives; and

WHEREAS, an overall increase in the demand for electricity throughout the State has resulted in rolling blackouts within the City of Oakland and the potential for continuing shortages in the supply of electricity; and

WHEREAS, it is in the best interest of all parties to expeditiously reduce energy consumption and to identify ways to permanently cut back on the use of electricity through alternative energy production and energy efficiency initiatives; and

WHEREAS, Staff in the Public Works Agency and in the Mayor's Sustainability Programs have identified and highlighted in the agenda report for this resolution, general categories and specific projects for alternative energy production and energy efficiency projects that meet numerous goals and objectives highlighted in the Sustainable Community Development Initiative and the Mayor/Council Goals and Citywide Objectives, as documented in the FY 2003-2005 Adopted Policy Budget; and

WHEREAS, the City of Oakland desires to maximize the level of service it provides to its community by expeditiously reducing the cost of City operations through improved energy-related systems; and

WHEREAS, the City's formal competitive bid process requires approximately six months to complete and would not result in more competitive pricing; and

WHEREAS, to expedite implementation of the City's energy efficiency and alternative energy production projects initiated with the Duke Settlement Project funds, it is in the City's best interest to waive formal competitive bid requirements for construction bids, and to authorize the City Administrator to informally bid and negotiate, if necessary, and award contracts for said projects; and

WHEREAS, the City Council finds that design and related services authorized by this resolution are of a professional, scientific or technical nature, and are temporary in nature; and

WHEREAS, the City Council finds and determines that the contracts authorized hereunder will not result in the loss of employment or salary by any person having permanent status in the competitive services; now, therefore, be it

RESOLVED: That the City Administrator is authorized to allocate and expend \$500,000 from the Duke Settlement that has been set aside in the Duke Energy Settlement project (C256520) in the Self Insurance Liability Fund (1100), for alternative energy and energy efficiency projects previously identified in the Sustainable Community Development Initiative and the Mayor/Council Goals and Citywide Objectives, as documented in the FY 2003-2005 Adopted Policy Budget and highlighted in the agenda report for this resolution; and be it

FURTHER RESOLVED: That pursuant to the Oakland Municipal Code Chapter 2.04, Article 2.04.050, Section 1, 5, the City Council finds and determines that it is in the best interest of the City to waive the formal bid requirements for activities that promote alternative energy production and improve energy efficiency with the Duke Energy Settlement funds; and, be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to negotiate and award construction and professional services contracts with Duke Energy Settlement funds (Project C256520, Fund 1100) in an amount not to exceed \$500,000; and, be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to conduct all negotiations, execute all documents including but not limited to applications, agreements, amendments, and related actions that may be necessary for the completion and award of the aforementioned construction and professional services contracts; and, be it

FURTHER RESOLVED: That all successful contractors will be bound by all current 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.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS (acting)
City Clerk and Clerk of the Council of the
City of Oakland, California