

# Community Energy Department

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**T**o generate, transmit, and procure energy for the benefit of its customers

## *City Service Area*

Environmental and Utility Services

### *Core Services*

#### Community Energy Community Programming

To establish San José-specific renewable energy and local renewable energy efficiency programs

#### Community Energy Customer Support

Provide exceptional customer experience by educating and communicating effectively with customers, the public, and the media

#### Providing Clean Energy to the Community

Promote enhanced sustainable energy practices by providing the community with cleaner energy options, resources, and education

Strategic Support: Administration, Financial Management, Information Technology, and Human Resources

# Community Energy Department

## Service Delivery Framework

| PROGRAM  | DESCRIPTION  |
|--|--|
| <b><i>Providing Clean Energy to the Community Core Service</i></b> |  |
| <b>Community Energy Renewable Energy Supply</b>                    | Procures renewable energy, such as solar, thermal, geothermal, and biomass.  |
| <b>Community Energy Conventional Energy Supply</b>                 | Procures conventional energy, such as natural gas.   |
| <b>Community Energy Hydro Power Supply</b>                         | Procures hydro power supply energy, such as large hydro and GHD free energy.   |
| <b>Community Energy Power Scheduling and Other Supply</b>          | Manages grid and California Independent System Operator (ISO) charges.   |
| <b>Community Energy Risk Management</b>                            | Manages and mitigates potential risk to which the Department and City are exposed.   |
| <b>Community Energy Regulatory Compliance</b>                      | Manages regulatory compliance of San José Community Energy through the City Council-approved Policy, Energy Risk Management Regulations, and the Risk Oversight Committee.   |
| <b><i>Community Energy Customer Support Core Service</i></b>       |  |
| <b>Community Energy Marketing and Public Affairs</b>               | Provides direct communication to customers, the public, and media.   |
| <b>Community Energy Data and Call Center Management</b>            | Manages Energy Data and provides resolution to Call Center customer escalations.   |
| <b><i>Community Energy Community Programming Core Service</i></b>  |  |
| <b>Local Energy Programs</b>                                       | Provides San José-specific renewable energy and energy efficiency programs to provide additional benefits to the community.  |
| <b><i>Strategic Support Core Service</i></b>                       |  |
| <b>Community Energy Management and Administration</b>              | Provides executive-level, analytical, and administrative support to the department.  |
| <b>Community Energy Financial Management</b>                       | Manages the budget and all financial transactions for the department; assists in annual budget development.  |
| <b>Community Energy Human Resources</b>                            | Manages personnel-related functions for the department, including hiring (in coordination with the Human Resources Department), employee development, employee discipline (in coordination with the Office of Employee Relations), and personnel transactions. |
| <b>Community Energy Information Technology</b>                     | Provides information technology services, planning, system development, and maintenance for the department in coordination with the Information Technology Department.   |
| <b>Community Energy Legal Support</b>                              | Manages all legal support functions for the Department.  |

# Community Energy Department

## Department Budget Summary

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### Expected 2018-2019 Service Delivery

- Develop, implement, and operate San José Clean Energy; Phase 1 launch scheduled for September 1, 2018, for Municipal accounts followed by Phase 2 launch scheduled for March 1, 2019, for Residential and Commercial accounts.
- Provide cost effective electric generation rates that support the development of renewable and greenhouse gas free resources.
- Procure cleaner electric supplies and offer customers at least one power mix option at 10 percent or more renewables than PG&E. Offer at least one power mix option that is 100 percent greenhouse gas free.
- Support sustainable energy practices throughout the community through education and public-private partnerships.
- Develop San José-specific renewable energy and energy efficiency programs that maintain and expand utility programs for low-income customers and support local renewable energy projects in compliance with regulatory obligations.
- Support Climate Smart San José by aiming to reduce greenhouse gas emissions.

### 2018-2019 Key Budget Actions

- Adds one-time funding of \$150,000 to host a FUSE fellow from September 2018 through August 2019 to assist with a variety of projects as the department ramps up and develops a comprehensive Community Programs plan for the Community Energy Department. The FUSE fellowship is a national non-profit program that recruits experienced professionals that will partner with local governments on a range of issues impacting a community.

### Operating Funds Managed

- San José Clean Energy Fund

# Community Energy Department

## Department Budget Summary

|  | 2016-2017<br>Actuals* | 2017-2018<br>Adopted | 2018-2019<br>Forecast | 2018-2019<br>Adopted |
|--|-----------------------|----------------------|-----------------------|----------------------|
| <b>Dollars by Core Service</b>                               |                       |                      |                       |                      |
| Community Energy Community Programming                       | n/a                   | 0                    | 0                     | 150,000              |
| Community Energy Customer Support                            | n/a                   | 0                    | 4,440,363             | 4,440,363            |
| Providing Clean Energy to the Community                      | n/a                   | 0                    | 74,439,069            | 74,121,312           |
| Strategic Support - Environmental & Utility Services         | n/a                   | 0                    | 2,694,876             | 2,694,876            |
| Strategic Support - Other - Environmental & Utility Services | n/a                   | 0                    | 43,595,000            | 43,595,000           |
| <b>Total</b>   | <b>n/a</b>            | <b>\$0</b>           | <b>\$125,169,308</b>  | <b>\$125,001,551</b> |
| <b>Dollars by Category</b>                                   |                       |                      |                       |                      |
| <b>Personal Services and Non-Personal/Equipment</b>          |                       |                      |                       |                      |
| Salaries/Benefits  | 0                     | 0                    | 3,992,308             | 3,674,551            |
| <b>Subtotal Personal Services</b>                            | <b>\$0</b>            | <b>\$0</b>           | <b>\$3,992,308</b>    | <b>\$3,674,551</b>   |
| Non-Personal/Equipment                                       | 0                     | 0                    | 6,436,000             | 6,586,000            |
| <b>Total Personal Services &amp; Non-Personal/Equipment</b>  | <b>\$0</b>            | <b>\$0</b>           | <b>\$10,428,308</b>   | <b>\$10,260,551</b>  |
| <b>Other Costs**</b>   |                       |                      |                       |                      |
| Debt Service/Financing                                       | n/a                   | 0                    | 43,595,000            | 43,595,000           |
| Other  | n/a                   | 0                    | 71,146,000            | 71,146,000           |
| <b>Total Other Costs</b>                                     | <b>n/a</b>            | <b>\$0</b>           | <b>\$114,741,000</b>  | <b>\$114,741,000</b> |
| <b>Total</b>   | <b>n/a</b>            | <b>\$0</b>           | <b>\$125,169,308</b>  | <b>\$125,001,551</b> |

\* Some data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

\*\* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

# Community Energy Department

## Department Budget Summary

|  | <u>2016-2017</u><br><u>Actuals*</u> | <u>2017-2018</u><br><u>Adopted</u> | <u>2018-2019</u><br><u>Forecast</u> | <u>2018-2019</u><br><u>Adopted</u> |
|--|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| <b>Dollars by Fund</b>                               |                                     |                                    |                                     |                                    |
| San José Clean Energy Operating Fund (501)           | n/a                                 | 0                                  | 125,169,308                         | 125,001,551                        |
| <b>Total</b>   | <b>n/a</b>                          | <b>0</b>                           | <b>\$125,169,308</b>                | <b>\$125,001,551</b>               |
| <b>Positions by Core Service</b>                     |                                     |                                    |                                     |                                    |
| Community Energy Customer Support                    | n/a                                 | 0.00                               | 6.00                                | 6.00                               |
| Providing Clean Energy to the Community              | n/a                                 | 0.00                               | 7.85                                | 7.85                               |
| Strategic Support - Environmental & Utility Services | n/a                                 | 0.00                               | 3.15                                | 3.15                               |
| <b>Total</b>   | <b>n/a</b>                          | <b>0</b>                           | <b>17.00</b>                        | <b>17.00</b>                       |

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# Community Energy Department

## Department Budget Summary

|   | 2016-2017<br>Actuals* | 2017-2018<br>Adopted | 2018-2019<br>Forecast | 2018-2019<br>Adopted | 2018-2019<br>Adopted<br>Positions |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------------------|
| <b>Dollars by Program**</b>   |                       |                      |                       |                      |                                   |
| <b>Strategic Support - Environmental &amp; Utility Services</b>         |                       |                      |                       |                      |                                   |
| Community Energy Financial Management                                   | n/a                   | 0                    | 1,027,964             | 1,027,964            | 2.00                              |
| Community Energy Information Technology                                 | n/a                   | 0                    | 285,000               | 285,000              | 0.00                              |
| Community Energy Legal Support  | n/a                   | 0                    | 182,000               | 182,000              | 0.00                              |
| Community Energy Management and Administration                          | n/a                   | 0                    | 1,199,912             | 1,199,912            | 1.15                              |
| <b>Sub-Total</b>  | <b>n/a</b>            | <b>0</b>             | <b>2,694,876</b>      | <b>2,694,876</b>     | <b>3.15</b>                       |
| <b>Strategic Support - Other - Environmental &amp; Utility Services</b> |                       |                      |                       |                      |                                   |
| Community Energy Debt/Financing Costs                                   | n/a                   | 0                    | 43,595,000            | 43,595,000           | 0.00                              |
| <b>Sub-Total</b>  | <b>n/a</b>            | <b>0</b>             | <b>43,595,000</b>     | <b>43,595,000</b>    | <b>0.00</b>                       |
| <b>Community Energy Community Programming</b>                           |                       |                      |                       |                      |                                   |
| Local Energy Programs   | n/a                   | 0                    | 0                     | 150,000              | 0.00                              |
| <b>Sub-Total</b>  | <b>n/a</b>            | <b>0</b>             | <b>0</b>              | <b>150,000</b>       | <b>0.00</b>                       |
| <b>Community Energy Customer Support</b>                                |                       |                      |                       |                      |                                   |
| Community Energy Data and Call Center Management                        | n/a                   | 0                    | 2,142,258             | 2,142,258            | 2.50                              |
| Community Energy Marketing and Public Affairs                           | n/a                   | 0                    | 2,298,105             | 2,298,105            | 3.50                              |
| <b>Sub-Total</b>  | <b>n/a</b>            | <b>0</b>             | <b>4,440,363</b>      | <b>4,440,363</b>     | <b>6.00</b>                       |
| <b>Providing Clean Energy to the Community</b>                          |                       |                      |                       |                      |                                   |
| Community Energy Conventional Energy Supply                             | n/a                   | 0                    | 14,670,210            | 14,632,079           | 1.58                              |
| Community Energy Hydro Power Supply                                     | n/a                   | 0                    | 29,307,429            | 29,231,167           | 2.96                              |
| Community Energy Power Scheduling and Other Supply                      | n/a                   | 0                    | 424,253               | 297,151              | 0.25                              |
| Community Energy Regulatory Compliance                                  | n/a                   | 0                    | 729,748               | 729,748              | 0.10                              |
| Community Energy Renewable Energy Supply                                | n/a                   | 0                    | 29,307,429            | 29,231,167           | 2.96                              |
| <b>Sub-Total</b>  | <b>n/a</b>            | <b>0</b>             | <b>74,439,069</b>     | <b>74,121,312</b>    | <b>7.85</b>                       |
| <b>Total</b>  | <b>n/a</b>            | <b>\$0</b>           | <b>\$125,169,308</b>  | <b>\$125,001,551</b> | <b>17.00</b>                      |

\* Data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

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# Community Energy Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

| <b>Adopted Budget Changes</b>   | <b>Positions</b> | <b>All Funds (\$)</b> |
|---|------------------|-----------------------|
| <b>1. Community Energy FUSE Fellow</b>  |                  | <b>150,000</b>        |
| <i>Environmental and Utility Services CSA<br/>Community Energy Community Programming Core Service<br/>Local Energy Programs</i>   |                  |                       |
| <p>This action adds one-time funding of \$150,000 to fund a FUSE fellow from September 2018 through August 2019 in the Community Energy Department. The FUSE fellowship program is a national nonprofit organization that partners experienced professionals in a range of industries with local governments to assist with strategic projects in the public sector. The FUSE fellow for the Community Energy Department will assist the Director with a variety of projects as the department and the community energy program ramp up, and will also help to develop a comprehensive plan to deliver community programs that benefit residents and/or the community at-large once San José Clean Energy is operational and in a financial position to begin programming. (Ongoing costs: \$0)</p> |                  |                       |
| <b>2. Staffing Cost Adjustment</b>  |                  | <b>(317,757)</b>      |
| <i>Environmental and Utility Services CSA<br/>Providing Clean Energy to the Community Core Service<br/>Community Energy Renewable Energy Supply, Community Energy Conventional Energy Supply,<br/>Community Energy Hydro Energy Supply, Community Energy Power Scheduling and Other Supply Programs</i>   |                  |                       |
| <p>This action decreases the Community Energy Department's Personal Services appropriation one-time to adjust for an inadvertent error made during the development of the department's 2018-2019 personal services budget. This action ensures the department's budgeted staffing levels are accurately allocated and in alignment with projected staff costs for 2018-2019. (Ongoing savings: \$0)</p>   |                  |                       |
| <b>2018-2019 Adopted Budget Changes Total</b>   |                  | <b>(167,757)</b>      |

# Community Energy Department

## Departmental Position Detail

| <b>Position</b>                          | <b>2017-2018<br/>Adopted</b> | <b>2018-2019<br/>Adopted</b> | <b>Change</b> |
|--|------------------------------|------------------------------|---------------|
| Analyst II                               | 0.00                         | 2.00                         | 2.00          |
| Deputy Director                          | 0.00                         | 2.00                         | 2.00          |
| Director of Community Energy             | 0.00                         | 1.00                         | 1.00          |
| Division Manager                         | 0.00                         | 1.00                         | 1.00          |
| Public Information Representative II     | 0.00                         | 2.00                         | 2.00          |
| Senior Accountant                        | 0.00                         | 1.00                         | 1.00          |
| Senior Analyst                           | 0.00                         | 5.00                         | 5.00          |
| Senior Public Information Representative | 0.00                         | 1.00                         | 1.00          |
| Staff Specialist                         | 0.00                         | 1.00                         | 1.00          |
| Staff Technician                         | 0.00                         | 1.00                         | 1.00          |
| <b>Total Positions</b>                   | <b>0.00</b>                  | <b>17.00</b>                 | <b>17.00</b>  |

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