

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean
Jennifer Maguire

SUBJECT: SEE BELOW

DATE: 08-23-10

Approved

Date

8/26/10

COUNCIL DISTRICT: # 5 & 8
SNI AREA: East Valley/680
Communities and
KONA

SUBJECT APPROVAL OF AN AGREEMENT WITH THE ASSOCIATION OF BAY AREA GOVERNMENTS FOR AN AMOUNT NOT TO EXCEED \$750,000 FOR A RETROFIT CALIFORNIA PROGRAM FROM SEPTEMBER 14, 2010 THROUGH SEPTEMBER 13, 2012, AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION IN THE GENERAL FUND

RECOMMENDATION

1. Adoption of a resolution authorizing the City Manager to negotiate and execute agreements with the Association of Bay Area Governments to conduct a Retrofit California Program involving a Whole Neighborhood Energy Efficiency and Workforce Development Program and receiving funding in an amount not to exceed \$750,000; and
2. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund for 2010-2011:
 - a. Establish a City-wide appropriation to the Environmental Services Department for the San José-Retrofit California Program in the amount of \$374,012; and
 - b. Increase the estimate for Revenue from Local Agencies by \$374,012.

OUTCOME

The San José—Retrofit California Whole Neighborhood Energy Efficiency and Workforce Development Program will achieve a 50% energy reduction across distinct building types by creating unique scalable, energy efficiency business solutions and delivery systems that account for diverse existing building stock and populations (neighborhood approach).

HONORABLE MAYOR AND CITY COUNCIL

08-23-10

Subject: Approval of an Agreement with the Association of Bay Area Governments

Page 2

creating unique scalable, energy efficiency business solutions and delivery systems that account for diverse existing building stock and populations (neighborhood approach).

BACKGROUND

In December of 2009, the City of San José joined with the County of Los Angeles, the Association of Bay Area Governments (ABAG), the California Center for Sustainable Energy (CCSE), and Sacramento Municipal Utility District (SMUD), along with the California Energy Commission (CEC), California Air Resources Board (CARB), and a broad-based and highly qualified team of public and private partners to pioneer new and innovative program models that will rapidly accelerate building energy retrofits across the state and achieve deep market penetration in focused geographic areas. The team—Retrofit California—submitted a proposal to the Department of Energy for American Resource and Recovery Act (ARRA) funds for innovation partnerships to help dramatically improve the energy efficiency of American homes. The Retrofit California team was subsequently awarded \$30 million dollars by the Department of Energy for the statewide project.

ANALYSIS

The *San José—Retrofit California Whole Neighborhood Energy Efficiency and Workforce Development Program* will achieve a 50% energy reduction across distinct building types by creating unique scalable, energy efficiency business solutions and delivery systems that account for diverse existing building stock and populations (neighborhood approach). The focused neighborhood for this project is the East San José Weed and Seed Area, located in the Strong Neighborhood Initiatives Redevelopment Project Area in the East Valley/680 Communities and KONA Areas, namely the *Dorsa and Tully-Ocala-Capitol-King Neighborhood Association (TOCKNA) Neighborhoods*. This is a low-income area where there are well-articulated barriers to market entry for energy efficiency solutions including but not limited to: language, literacy, income and real property interest (tenant versus owner-occupied). The selected neighborhood, also a California-designated Enterprise Zone, consists of a diverse range of housing and commercial/municipal and industrial building types, including: single family homes, townhouses, duplex units, apartment buildings and higher-density housing. Several churches, libraries, parks, and other nonprofit buildings are also in this area. As to commercial and industrial facilities, the range is from smaller retail and auto repair stores to larger shopping centers and industrial uses.

This project will create and demonstrate an integrated, streamlined approach by targeting specific **building types**, **outreach methods** and **energy uses** to achieve 50 percent reduction in energy consumption. Identified building types would include existing residential (multi-tenant and SFD), commercial, municipal, small industrial, and schools within the aforementioned geography with the intent of ultimately replicating successful retrofit approach across

Funds will be used for marketing and outreach on energy efficiency opportunities, community coordination on City Housing and Strong Neighborhood Initiative activities, and the coordination and delivery of energy efficiency audits for identified facilities (one of each building type) through linkages to existing, diverse energy efficiency direct install programs (PG&E Silicon Valley Energy Watch and Innovation Pilot Programs and the California Energy Commission State Energy Programs).

Funds will also be used for the following temporary positions over the term of the agreement:

- 1.0 FTE Associate Environmental Services Specialist position to coordinate the program activities;
- 1.0 FTE Community Organizer within the Strong Neighborhoods Initiative Program to work directly with the targeted neighborhood;
- 0.5 FTE Marketing Specialist to provide communication and outreach activities; and
- Interns (2 part time) to assist with neighborhood outreach and education activities.

The program will develop outreach appropriate to community members according to language, technology needs/availability, and other key demographic factors. Working with the City's Housing Department, this project will also identify and implement a model "energy efficiency technology" home in the neighborhood for demonstration and training

In coordination with work2future and the City's Office of Economic Development, funds will also be used for workforce training in energy efficiency and small business development and assistance (micro-loans).

San José will coordinate with its ABAG partners (San Francisco, Sonoma and Alameda County) to focus on a variety of merchant built (tract homes) neighborhood and building characteristics to ensure each ABAG neighborhood-scale pilot addresses a representative Bay Area housing type within the ABAG territory.

EVALUATION AND FOLLOW-UP

As the City conducts the implementation of this program, staff will provide regular reports on key implementation efforts to the Transportation and Environment Committee as part of the ongoing Energy Reports, and as part of ongoing Council information items on the overall updates related to the ARRA programs.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although the appropriation of these funds does not meet any of the above criteria, outreach is an integral part of the *San Jose Retrofit Ramp Up* program. The City will be conducting outreach to various sectors of the community on relevant energy efficiency and job training/workforce development issues. Many outreach activities will be accomplished in partnership with other energy efficiency programs such as the Silicon Valley Energy Watch, and other Green Vision activities.

COORDINATION

The report was developed by the Environmental Services Department in collaboration with the departments of Planning, Building and Code Enforcement; Housing, Office of Economic Development, work2future, and the Redevelopment Agency and the City Attorney's Office. The memorandum was reviewed by each of these departments to ensure that the data and information presented in the report is accurate and properly reflects their projects.

COST SUMMARY/IMPLICATIONS

The proposed appropriation action for \$374,012 covers estimated grant disbursements and program expenditures for 2010-2011. Grant reimbursements and expenditure appropriations in 2011-2012 will be appropriated in the budget for the corresponding fiscal years. As the program is fully grant funded, no impact to the General Fund forecast will result from these actions.

BUDGET REFERENCE

Not applicable.

HONORABLE MAYOR AND CITY COUNCIL

08-23-10

Subject: Approval of an Agreement with the Association of Bay Area Governments

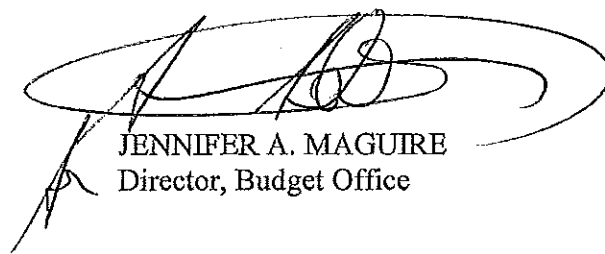
Page 5

CEQA

Not a project, File No. PP10-066 (e) Services that involve no physical changes to the environment.

/s/

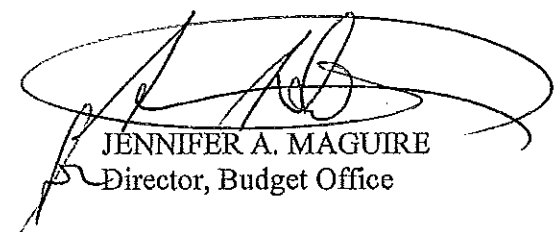
JOHN STUFFLEBEAN
Director, Environmental Services



A handwritten signature in black ink, consisting of a large, stylized 'J' and 'M' followed by a horizontal line and a flourish.

JENNIFER A. MAGUIRE
Director, Budget Office

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Years 2010-2011 monies in excess of those heretofore appropriated there from, said excess being at least \$374,012.



A handwritten signature in black ink, identical to the one above, consisting of a large, stylized 'J' and 'M' followed by a horizontal line and a flourish.

JENNIFER A. MAGUIRE
Director, Budget Office

For questions please contact Mary Tucker, Energy Program Manager, at 408-975-2581.

