

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** December 14, 2016

Approved

*D. D. S. L.*

Date

*12/14/16*

## INFORMATION

**SUBJECT: UPDATE ON ENVIRONMENTAL SUSTAINABILITY PLAN**

### BACKGROUND

San José has been a sustainability leader on many fronts, including recycling and waste diversion, water reuse, and renewable energy. In 2007, the San José City Council adopted the Green Vision, a 15-year plan with 10 ambitious goals to foster cleantech jobs, energy use reduction, renewable energy, green building, waste reduction, water reuse, sustainable development, clean fleet, trees, energy-efficient streetlights, and interconnected trails. In April 2015, Council directed staff to focus on two overarching goals of the Green Vision (creating a “Green Focus”): 1) ensuring a more sustainable water supply, and 2) reducing greenhouse gas (GHG) emissions, specifically related to energy and mobility.

In November 2010, the City adopted the Envision San José 2040 General Plan which included Goal MS-2 to “...maximize the use of renewable energy sources” and adoption of a GHG Reduction Strategy.

The City of San José is also driven by State legislation to reduce GHG emissions. In 2006, the State of California adopted Assembly Bill (AB) 32, California Global Warming Solutions Act, which requires a reduction in GHG emissions throughout the state to 1990 levels by the year 2020, and to 80 percent below 1990 levels by the year 2050. In 2008, California passed the Sustainable Communities and Climate Protection Act, Senate Bill (SB) 375, which supports AB 32 goals through coordinated transportation and land use planning and, specifically, by leading to the State setting regional targets for GHG emissions reductions from passenger vehicle use. In August 2016, Governor Jerry Brown signed SB 32 mandating an interim goal of a 40 percent reduction in GHG emissions by 2030.

In September 2016, the U.S. ratified the Paris Agreement, joining a global effort to combat climate change by keeping global temperature rise below 1.5 degrees Celsius.

Through the 2016-2017 Adopted Budget, which incorporated direction from the Mayor's March Budget Message for Fiscal Year 2016-2017, the City Council directed the City Manager to begin the procurement process to develop a sustainability action plan that would focus on energy, water, and transportation. The City Council also directed that if the City were successful in securing the \$1,000,000 (or \$1,250,000) in funding from Step Up and Power Down (SUPD), these funds should support this effort.

SUPD is a PG&E-funded energy conservation and awareness campaign, with a goal of achieving 400 business participants and saving 25 million kilowatt hours (kWh) of electricity in the five highest energy using zip codes of San José by December 31, 2016. If the City were to achieve these goals, PG&E would award San José \$1,000,000 for sustainability programs. If San Francisco also meets its SUPD goals, PG&E would award both cities an additional \$250,000. Since September 2015, Environmental Services Department (ESD) staff have enrolled 286 small- and medium-sized businesses in the program, performing preliminary energy audits, connecting them with upgrade resources, and providing them with tailored guidance on behavioral strategies to reduce energy use. To date, a total of 436 businesses (including both large and small-/medium-sized businesses) were enrolled in SUPD and 25.9 million kWh of energy savings were realized. In October 2016, PG&E informed the City that San José and San Francisco had both met their SUPD goals. PG&E will award the City a total of \$1,250,000 in funding for sustainability programs by December 31, 2016.

On December 6, 2016, City Council approved an appropriation action to recognize and make \$1,250,000 available for the development and implementation of the ESP and supporting sustainability programs.

### **Environmental Sustainability Plan Scope**

The Environmental Sustainability Plan (ESP) is envisioned to be a citywide plan focused on water and GHG emissions as they relate to energy and mobility. The ESP will:

1. Analyze and consolidate existing environmental goals as they relate to the ESP;
2. Evaluate progress and current status of these existing environmental goals;
3. Identify key stakeholders and potential partners;
4. Develop a sustainability framework and vision with input from San José's diverse community;
5. Develop short-term and long-term implementation measures including metrics, timeline, and budget;
6. Identify potential financing options and develop innovative financing frameworks; and
7. Identify or develop a tracking and reporting mechanism including ongoing resource needs.

A critical element of the ESP will be robust stakeholder engagement to incorporate socio-economic and cultural diversity considerations specific to San José. The ESP will seek to engage and empower residents to assume ownership and to work with the City to implement the measures identified in the ESP.

**Consultant Selection**

In June 2016, ESD staff worked with several internal departments (Office of Economic Development, Parks, Recreation, and Neighborhood Services, Planning, Building and Code Enforcement, and Transportation) to develop a Scope of Work for consulting services to develop a citywide Environmental Sustainability Plan (ESP). The City issued a Request for Proposals (RFPs) on June 30, 2016, seeking consultant services for the ESP.

The City received 11 responsive proposals by the August 5, 2016 due date. A technical evaluation panel was established to review and score the proposals, consisting of staff from the Department of Transportation, the Environmental Services Department, Planning Build and Code Enforcement, and from the City of Menlo Park. Evaluations of the proposals were based on the following criteria:

Description	Weight
Proposal Responsiveness	Pass/Fail
Experience	25%
Expertise	25%
Approach	35%
Total Cost Proposal	5%
Local Business Enterprise (LBE)	5%
Small Business Enterprise (SBE)	5%
<b>TOTAL</b>	<b>100%</b>

Based on scoring of the proposals, the four highest-ranked firms were invited to an oral presentation and interview. Those firms were:

- AECOM Technical Services, Inc
- Pricewaterhouse Coopers Public Sector LLP (PwC)
- Michael Baker International, Inc
- ERM-West, Inc

The final rankings and scores following the oral presentation and interviews are as follows:

Rank	Consultant	Expertise	Experience	Approach	Cost	LBE	SBE	Total
1	PwC	23	19	33	5	5	0	85
2	AECOM Technical Services	21	21	28	5	5	0	80
3	ERM-West	18	17	25	5	5	0	70
4	Michael Baker International	17	18	24	5	0	0	64

In accordance with City policy, 10 percent of the total evaluation points were reserved for local and small business enterprise status. Three of the four firms qualified for the LBE status. None of the firms qualified for the SBE status.

A master consultant agreement will be awarded to the top-ranked firm in an amount not-to-exceed \$250,000, which is within the City Manager's authority. PwC has been recognized as a global leader in sustainability consulting and has extensive experience assisting cities like Los Angeles and New York, developing plans that provide critical environmental analysis and strategy development. PwC offered a project team with proven skills and expertise required for the project. PwC's proposed team, experiences and project approach provided staff with a high level of confidence in selecting this team to perform the services required to develop an ESP for San José.

### **Coordination**

ESD staff coordinated with representatives from the following Departments during the ESP consultant procurement process: City Attorney's Office, Economic Development, Parks Recreation and Neighborhood Services, Planning Building and Code Enforcement, and Transportation. Staff will continue to coordinate with these parties throughout the development and implementation of the ESP.

### **Next Steps**

Staff expects to execute the master agreement with PwC in December 2016. A significant amount of stakeholder engagement will be conducted early on in the ESP development process, including both robust internal department and community stakeholder coordination and input.

Two Council Study Sessions will be scheduled in early 2017 in order to engage the full Council, including new Council members. One Study Session will provide an update on community choice aggregation, an anticipated measure within the ESP, and the other will provide an update on the ESP development. The ESP is anticipated to be completed by September 2017.

/s/  
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Director, Environmental Services

For questions, please contact Kerrie Romanow, Director of Environmental Services, at (408) 535-8552.