

Local Government Energy Efficiency

Best Practices

ENERGY PROGRAM SUSTAINABILITY

SUMMARY

Local governments that have dedicated energy staff or departments have been able to reduce their energy use, and consequently the amount of money they spend on energy, to a much larger extent than those that do not. In addition, they have been able to develop and implement energy programs, both for efficiency and renewable energy, for their residents and businesses.

These energy managers often have been able to pay for their services through the savings their municipalities realize. Finding the initial funding and the political will to invest in an energy manager is not easy, and communities have chosen different paths to do so.

The majority of energy manager positions in California are funded by one or more of the following:

- General Fund
- Enterprise funds
- Department surcharge
- Energy savings and incentives
- Grants
- Utility partnerships

Energy Managers

THE REST OF THE STORY

This fact sheet is organized around the ways that cities and counties have started and continued to fund these positions. These funding sources are not mutually exclusive. One source may serve as the initial funding, while another may provide ongoing funding. Most often there is a combination of sources. For example, many of these examples are in partnerships with their investor owned utility, which provides funding for staff to implement energy efficiency programs.

Also note that in smaller communities, the energy manager may have other responsibilities (see Santa Cruz below) and may not spend 100% of his/her time in this capacity.

General Fund

San Luis Obispo County:

The Utility Coordinator position was established in 2000, primarily to apply for rebates for County facilities projects. In 2001, the position changed to include project management, as well as anything related to water, electric, gas, and garbage or recycling.

The position is funded through the general fund with a budget of \$125,000 for salary and benefits. It is the only such position in the county and it resides within the Architectural Services group in General Services. It is a non-management position (1.0 FTE), paid through indirect and overhead charges to departments. The Utility Coordinator pays the utilities for general fund departments, and has a budget for specific items like cogeneration support and some minor maintenance. The position was reviewed for necessity in 2009 and was kept after being listed as expendable for a short time.

Departments not funded by the general fund have to budget for their own utilities, but payments are made through this office to take advantage of electronic data interchange and for tracking purposes. This was convenient for the County's greenhouse gas inventory as everything was in one place. It also provides accurate information for electric and gas utility costs, as no transcription is required.

Enterprise Funding

Long Beach:

The Long Beach Office of Sustainability (OS), which reports to the City Manager, was created to facilitate the process of developing and implementing model sustainability programs for the City. The OS provides leadership and supports practical solutions to improve the environmental, social and economic health of Long Beach. > [more...](#)

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The annual budget for the office is \$420,000 and is funded via memoranda of understanding (MOU) with city enterprise funds with a nexus to sustainability activities. This funds two FTEs (Sustainability Coordinators) and 2-4 volunteer college interns.

The OS delivers policy and programs that integrate efforts related to buildings and neighborhoods, urban nature, transportation, water, energy, waste reduction and eco products and services. For these areas, the OS has primary responsibility within the City of Long Beach for setting the agenda and goals, and working with City Departments to jointly implement projects and programs to accomplish these goals.

The OS is also staff to the Sustainable City Commission, which advises the City Council on environmental issues such as buildings and neighborhoods, urban nature, transportation, water, energy, waste reduction and eco products and services, and is responsible for creating a Sustainable City action plan.

Department Surcharge

Alameda County:

Since the mid-1990s, Alameda County's Energy Program, under the County's General Services Agency (GSA), has been able to continually implement energy efficiency and renewable energy projects in County facilities. Two funding sources account for this success: a Designated Energy Fund and a departmental utility bill surcharge.

Through an energy saving pilot program with Pacific Gas & Electric that provided incentives to reduce energy use and demand, the County was able to amass \$3,000,000 in incentives over 10 years. With this money, the County established an Energy "Incentives" Fund under the Capital Projects account. The Energy Fund has been used to fill financing gaps, purchase and install more efficient equipment, and to subsidize on-site energy generation projects with long pay back periods.

Having the money for a project was not enough. To operate the program, the County adopted a utility surcharge, administered by the GSA, on the utility bills for each County department. The surcharge covers the cost to staff the Energy Program that manages energy

The biggest hurdle is starting the program. Once it has been around and can demonstrate its benefit, it will be easier.

efficiency and renewable energy project development, quality control, savings analysis, and financing. The justification for the surcharge comes from ongoing energy savings achieved as a result of these projects.

The amount of the surcharge fluctuates, but currently is between 9 & 11%. This generates enough money to pay for an Energy Program Manager, two project managers and two electricians to implement the program.

Download a fact sheet on the Alameda County Revolving Energy Fund & Municipal Utility Surcharge at: www.californiaseec.org

Energy Savings and Incentives

San José:

In 2005, the San José City Council established a City Building Energy Efficiency Program and associated Energy Fund to provide ongoing support for energy efficiency and renewable energy opportunities at City facilities. The original source of funds for the Energy Fund came from a \$200,000 PG&E incentive check for a city-wide traffic signal LED retrofit project. This was used to establish the Energy Officer (EO) position for the City. Various City funds provided an additional \$60,000 for energy projects.

The City established the EO position in the Environmental Services Department to facilitate the implementation of energy efficiency and renewable energy projects at City facilities, to reduce operation and maintenance costs, and to reduce environmental impacts. The Energy Fund continues to cover the cost of this position.

In order to expand the funds available to pursue additional energy projects, the City adopted a plan to transfer first year energy cost savings and deposit associated rebates and/or incentives from energy projects into the Energy Fund.

In 2009, the City Council adopted the > [more...](#)

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San José Energy Plan, which extended the energy cost savings transfers to the Energy Fund to include first and second year energy cost savings.

Transfers to the Energy Fund are typically based on estimated energy cost savings that are identified in third-party energy audits. These estimated savings are used because there are a number of variables (e.g. weather fluctuations, changes in facility use or hours) at a site, which can make it difficult to determine the actual utility cost savings created by an energy project.

The Energy Fund is replenished with incentives and savings from projects that are either funded by, or whose utility accounts are paid by, the General Fund and not from projects solely funded by restricted Special Revenue Funds, such as those designated for the Airport or Water Pollution Control Plant.

For projects that receive new construction rebates, energy savings are inherent in the project design so there are no energy savings (i.e. no baseline comparison) transferred into the Energy Fund. However, all of the rebates and incentives associated with these new construction projects are deposited into the Energy Fund.

San José received \$4M in EECBG funding designated for municipal energy efficiency projects. City staff anticipates that the incentives and savings from those grant-funded projects will generate enough funding to maintain the viability of the Energy Fund over the next several years.

Download a fact sheet on the San José Energy Fund at: www.californiaseec.org

ARRA Funding Grant

Santa Cruz:

The American Recovery and Reinvestment Act of 2009 (ARRA) provided funding and an incentive for Santa Cruz to invest in energy efficiency and renewable projects in a systematic and coordinated way. In order to take full advantage of the ARRA funding, as well as future incentives and grant opportunities, City staff from various departments began working collabora-

tively to establish a process to evaluate and prioritize municipal energy efficiency and solar projects. The result of these efforts is the Energy Efficiency and Conservation Strategy (EECS) to establish a prioritization process and an initial list of priority projects to implement to reduce energy use and save money.

A key climate change action was the establishment of the Santa Cruz Municipal Energy Management Office (EMO) to coordinate energy use practices, efficiency upgrades, and future investment in renewable energy among departments and services. The EMO is responsible for the identification of funding resources (municipal funds, municipal return on investment, and State and federal subsidies) for the implementation of the priority projects outlined within the EECS. The EMO is responsible for tracking and reporting the progress of the EECS as well as updating it periodically.

The City of Santa Cruz has a half time Energy Office person who is responsible for creating an inventory of the current status of building efficiency upgrades, prioritizing next steps in Energy Efficiency, and finding funding to implement those actions. The position will be funded long-term through energy cost savings achieved by this program.

The Climate Action Coordinator position is also half time and has been funded through General Plan update funds. Once the update is completed, funding for the position will have to be found elsewhere. One idea that is circulating is to have the position funded among departments with each department paying a portion of the position's costs in relation to the department's portion of the Municipal Emissions Footprint.

Total budget is approximately \$80,000 for both half time FTEs.

The draft CAP provides more detail: <http://www.cityof-santacruz.com/index.aspx?page=1544>

Utility Partnerships

Sonoma County:

The Sonoma energy program has an annual budget of \$5.1 million. Costs are covered through a combination of general fund, the Sonoma County Energy Independence Program (a Property Assessed Clean Energy program), enterprise funds, grants and a PG&E Partnership. > [more...](#)

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There are currently seven FTEs working in the Energy & Sustainability Division, General Services Department. Project work includes grants and ARRA oversight, policy development, tracking utility consumption and costs for County-owned facilities, Employee Commute Reduction Program, Bike to Work Week, the County's Climate Protection Action Plan for internal operations, energy efficiency improvements for public agencies and businesses community-wide through the Sonoma County Energy Watch (PG&E partnership) program, the Sonoma County Energy Independence Program, and coordination with the Regional Climate Protection Authority for county-wide efforts to reduce greenhouse gas emissions.

Through these efforts the County will achieve its GHG target reductions of 20% below year 2000 levels by 2010 for its internal operations.

Download a fact sheet on the Sonoma County Energy Independence Program at:
www.californiaseec.org

The other examples above, with the exception of Alameda County, are also in local government partnerships with their investor owned utilities. Utility funding is not guaranteed, and so communities need to seek other ways to ensure the continuation of these positions.

Others

In addition, communities with municipal utilities (Los Angeles, Sacramento, and 43 others), and Community Choice programs (Marin County) have staff to develop and implement energy programs for municipalities and constituents as part of their business operations.

For more information about this case study:
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Funded by California utility ratepayers and administered by California's investor owned utilities under the auspices of the California Public Utilities Commission.

Program Sustainability

LEARN MORE

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SIMILAR PROGRAMS

- **San Diego County** has two FTEs dedicated to its Energy Program who work on energy efficiency and renewable energy projects at County facilities. Funding has been provided through its local government partnership with SDG&E, its Energy Efficiency and Conservation Block Grant, and a 2.3% administration fee on department utilities.
- The **City of Pleasanton** has budgeted \$235,000 for one FTE (manager) for a two-year term. This amount, funded by an ARRA grant, covers the FTE's salary and provides additional funds to develop and implement various energy efficiency and conservation strategies. This manager is responsible for developing a community-wide climate action plan, providing outreach to residents and local businesses, and partnering with local agencies to promote sustainability programs. If all goes well, the savings captured will pay for the position going forward.