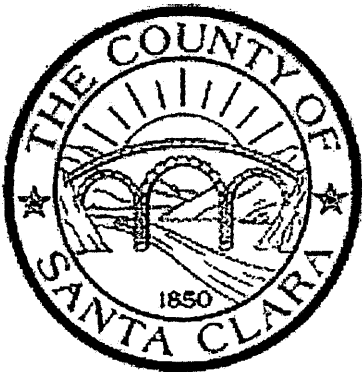


Summary of Action

County of Santa Clara Clerk of the Board Transmittal Item Authorization Notice



The Agenda Transmittal Item number **25** that was heard by the Board of Supervisors on **5/15/2001** has received the following Board Action:

Considered Interim Report from Emergency Energy Task Force, and took the following actions:

a. Approved increase of energy reduction goal for the County's total current energy use in County facilities from 10 percent to 20 percent over the base line year of July 1, 1999 to June 30, 2000.

Referred to the Finance and Government Operations Committee for review: Development of a process to determine exemption of departments and buildings from the energy reduction goal.

b. Adopted Board-level operational policies to reduce energy consumption in the summers of 2001 and 2002 and approved the selected project initiatives to implement some of the policies.

c. Considered directing Board's representative on the Bay Area Air Quality Management District (BAAQMD) Board to request reconsideration of permitting requirements relating to voluntary use of backup generators during stage 1 and stage 2 alerts to remove demand from power grid, and took no action.

d. Delegated authority to Director, General Services Agency, to negotiate Agreements and delegated authority to Purchasing Manager to execute Agreements relating to procurement and energy conservation measures, following approval by County Counsel as to form and legality. Delegation of authority to expire September 1, 2001.

e. Directed County Executive to develop and submit to the Board of Supervisors during June 2001 Budget Hearing, a budget inventory item to augment utilities account based on latest information regarding rate hikes and effectiveness of the County's conservation

Distribution

6/5/01 Approved as amended transmittals to GSA Procurement, Co. Exec. & Deputy Clerk for Energy Task Force.

/bh

Barbara Howard

County of Santa Clara Clerk of the Board Transmittal Item Authorization Notice



The Agenda Transmittal Item number **25-**
that was heard by the Board of Supervisors on
5/15/2001
has received the following Board Action:

Interim Report from Emergency Energy Task Force.

continued -

g. Directed County Executive to develop and submit to the Board of Supervisors, through the Emergency Energy Task Force, by June 26, 2001, recommended Board-level operational policies relating to operating and contingency plans for rolling blackouts, to include a schedule of blackout drills for non-exempt facilities with significant daily resident contact.

h. Directed County Executive to develop and submit to the Board of Supervisors, through the Emergency Energy Task Force, by September 1, 2001, an allocation of maximum allowable kilowatt-hours of electricity for County facilities, by facility cluster, to achieve the 20 percent reduction, and directed County Executive to report monthly, starting in September, to the Board of Supervisors, through the Finance and Government Operations Committee, on progress in achieving reduction goal.

i. Approved, in concept, proposed framework for collaborating with other agencies and community-based organizations on achieving significant energy conservation by the public and mitigating impacts of increased utility bills on low-income families and seniors, and directed County Executive to provide updated information through a web link on the County's website relating to funds available at the State and Federal level to provide relief to low-income rate payers.

Distribution

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25



AS AMENDED EXCEPT C.
☒ Approved ☐ Accepted ☐ Adopted ☐ Denied ☐ Presented

BY THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CLARA
Phyllis A. Perez, Clerk of the Board

By Barbara Howard

Deputy Clerk
Date: MAY 15 2001

MEMORANDUM

May 9, 2001

TO: Board of Supervisors

FROM: Liz Kniss Liz Kniss
Co-Chair of the Emergency Energy Task Force

Pete McHugh Pete McHugh
Co-Chair of the Emergency Energy Task Force

SUBJECT: INTERIM REPORT

RECOMMENDED ACTIONS

Recommend that the Board:

1. Increase the energy reduction goal for the County's total current energy use in County facilities from 10% to 20 percent over the base line year of July 1, 1999 to June 30, 2000.
2. Adopt Board-level operational policies that when implemented would reduce energy consumption in the summers of 2001 and 2002 (Appendix A) and approve the selected project initiatives to implement some of these policies as outlined in Appendix B.
3. Instruct the Board's representative on the Bay Area Air Quality Management District (BAAQMD) Board to request the BAAQMD reconsider its permitting requirements relating to voluntary use of Backup Generators (BUGs) during Stage 1 and Stage 2 alerts to remove demand from the power grid.

Board of Supervisors:
Donald F. Gage
District 1

Blanca Alvarado
District 2

Pete McHugh
District 3

James T. Beall, Jr.
District 4

Liz Kniss
District 5



4. Delegate authority to the General Services Director to negotiate and the Purchasing Manager to execute contracts related to energy procurement and energy conservation measures, subject to review and approval as to form by County Counsel, and with authority to terminate on September 1, 2001.
5. Direct the County Executive to develop and submit to the Board during the June budget hearings a budget inventory item that augments the utilities account by an amount that staff believes is appropriate based on the latest information regarding rate hikes and the effectiveness of the County's energy conservation measures.
6. Direct the County Executive to report to the Board through the Emergency Energy Task Force by June 26, 2001 with recommended alternative work schedules and facility closings, as well as other actions not identified yet to achieve the 20 percent reduction goal.
7. Direct the County Executive to develop and submit to the Board through the Emergency Energy Task Force by June 26, 2001 any recommended Board-level operational policies that relate to operating and contingency plans for rolling blackouts, including a schedule of blackout drills similar to earthquake drills for those non-exempt facilities that have significant daily resident contact.
8. Direct the County Executive to develop and submit for approval to the Board through the Emergency Energy Task Force by September 1, 2001 an allocation of maximum allowable kilowatt-hours of electricity for County facilities by facility cluster to achieve the twenty percent reduction. Direct the County Executive to report monthly, starting in September, to the Board through the Finance and Government Operations Committee on progress in achieving the reduction goal.
9. Approve in concept the proposed framework for collaborating with other agencies and community based organizations on achieving significant energy conservation by the public and mitigating the impacts of increased utility bills on low-income families and seniors (Appendix G). Direct the County Executive to provide updated information via a web link on the County's website on funds available at the State and Federal level to provide relief to low-income ratepayers.

FISCAL IMPLICATIONS

The recommended operational policies and selected project initiatives do not require any additional General Fund resources beyond current budget authorizations. As additional proposals come forward based on the direction to the County Executive, staff will provide the General Fund costs associated with them.

BACKGROUND

On February 27, 2001, the Board of Supervisors approved the goals for and composition of the Santa Clara County Emergency Energy Task Force. The Board established our broad goal to identify policy recommendations for full Board relating to the conservation and generation of renewable and non-renewable energy resources for the County and for County facilities. Our charge also has five specific objectives:

1. Assess projected energy supply and demand for the County and for County facilities.
2. Identify short and long-term methods of energy conservation to reduce energy use in County facilities by at least 10%.
3. Identify strategies to maintain peak efficiency during probable blackouts this summer and in 2002.
4. Identify power generation opportunities that may address countywide energy needs as well as needs in County facilities.
5. Work with interested parties to coordinate the dissemination of educational messages relating to public energy conservation.

In addition to these objectives, the Task Force developed a sixth objective based on the important role the State and Federal governments have and may have in this situation:

6. Identify potential Federal or State legislative actions that would facilitate both the County conserving energy and generating renewable and non-renewable energy in a way that is cost-effective, promotes the County's commitment to life-cycle investments, and protects rate payers.

Our work plan calls for the Task Force to deliver to the Board this interim report to address the immediate situation of this and next summer and a final report sometime in October 2001 that will examine more long-term solutions and policy choices.

REASONS FOR RECOMMENDATIONS

This interim report covers short-term reduction strategies in energy use that involve policies and Board direction to achieve a proposed revised energy reduction goal. It also discusses operating and contingency plans for unanticipated rate increases and rolling blackouts, as well as a framework for collaborating with other agencies and community based organizations on achieving significant energy conservation by the public and mitigating the impacts of increased utility bills on low-income families and seniors.

A. REVISED REDUCTION GOAL

We believe strongly that the original goal of a ten percent reduction in the County's energy usage needs must be revised given the most recent range in energy supply shortfall from the California Independent System Operator (Cal ISO) and the risks to the Bay Area economy from rolling blackouts and rate increases. The situation facing California is critically urgent and requires extraordinary measures by all. We urge that the Board adopt a revised goal of twenty percent and approve the other recommendations contained in this interim report to achieve this goal.

On March 22, 2001, the Cal ISO staff released a memorandum to its Board of Governors that provided an assessment of summer 2001 (Appendix C). In that memorandum, the forecasted outlook shows that with no conservation energy demand will exceed capacity by 3,700 megawatts (MW). At a ten percent reduction in demand, the forecasted outlook shows a 1,300 MW surplus in supply. If, however, the adverse outlook in supply becomes the reality, even the ten percent reduction in demand will leave a shortfall of 6,500 megawatts of power.

On April 20, 2001, the Bay Area Economic Forum released a report prepared by McKinsey and Company, that provided an initial analysis of the potential financial impact of rolling blackouts and rising energy costs. As reported by the San Jose Mercury news (April 21, 2001) rate hikes and increased costs passed on to customers may cut disposable income by more than \$1 billion in 2001. A 50 percent increase in electricity rates means Bay Area businesses may lose \$500 million in output. Rolling blackouts could cost Bay Area companies \$1 billion to \$5 billion in lost output this summer that would reduce the region's annual economic growth rate by as much as one percent.

B. INITIAL POLICY AND RESOURCE RECOMMENDATIONS

The County has already taken a number of actions to reduce its energy use as outlined in Appendix D. While these actions are substantial and important, they are, unfortunately, not adequate to achieve a ten percent reduction, let alone a twenty percent reduction. As one step to achieving not only the ten percent but also the revised reduction goal, we recommend that the Board adopt the operational policies (Appendix A) that will change how we do business in the short-term to reduce energy use. Since the policy of using certain generators to remove demand from the power grid during Stage 1 and 2 alerts would require permits from the BAAQMD, we recommend that the Board instruct our County's representative to ask the Air Board to reconsider these permit requirements. Given the impact of rolling blackouts to the local economy and the acute impact on

those in need of County services, the temporary degradation of air quality by these voluntary efforts seems justified.

To expedite the implementation of these operational policies, we recommend that the Board delegate contract authority to the GSA Director and Purchasing Manager relating to energy procurement and energy conservation. These contracts would be subject to review and approval as to form by County Counsel and the authority would end on September 1, 2001. Contracts may include, but are not limited to, procurement of natural gas, identification and design of energy projects, implementing energy projects, revising existing vendor contracts affected by implementing energy measures, and service agreements for staff assistance.

C. ADDITIONAL ACTIONS TO BE IDENTIFIED AND TAKEN

We see a number of parallels with our current energy usage situation and Board's recent experience with extra help. Over the years, the significant use of extra help had integrated itself into the normal way that the County did business. While some extra help workers preferred that status, there were many institutional incentives that promoted its legitimate use and its misuse. When the Board began to consider significant reductions in the use of extra help hours at the urging of Service Employees International Union, Local 715, it heard about a number of dire consequences that would happen to the organization resulting from the proposed reductions. The Board remained firm in its resolve to make a significant reduction. It ultimately established specific percentage reduction goals in the use of extra help hours for each fiscal year covering all extra help and incorporated these goals for Local 715 members into the labor agreement.

Just like extra help use, our current level of energy usage has become integrated into the normal way that County employees do business. Employees are no longer conscious of how they use it and there are many institutional incentives that promote and sustain the current level. The previous actions and proposed changes in operational policies are relatively easy and painless to the way the County now does business. We believe, however, that they may not achieve the twenty percent reduction. To do so, we must consider alternatives that only this extraordinary situation justifies pursuing. San Mateo County has moved to a ten-hour workday and four-day workweek for its General Government operations. Marin County has adjusted the hours of operation to either reduce energy usage or shift when they use energy during the day.

The Task Force has begun to explore the facility, service level and labor relations impacts of alternative work schedules and facility closings. These impacts are complex and there has been insufficient time to fully understand them. Appendix E outlines the main issues that must be resolved and a work plan. At this time, we are simply asking the Board to direct the County Executive to report to the Board

through the Task Force by June 26, 2001 with recommended alternative work schedules and facility closings, as well as other actions not identified yet to achieve the twenty percent reduction goal.

D. CONTINUITY AND CONTINGENCY PLANNING

The Task Force has an objective to identify strategies to maintain peak efficiency during probable blackouts this summer and in 2002. The County has over 150 offices, 19 clinics and 8 libraries that are outside areas that are exempted from rolling blackouts. The County Executive has directed Agency and Department Heads to develop facility level contingency plans by May 18 that consider rolling blackout scenarios that range from infrequent to a heat wave that lasts for ten days with daily blackouts for up to three hours (Appendix F). During the preparation and review of these plans, staff may discover Board-level operational policy issues that require Board action. Therefore, we have proposed that the County Executive develop and submit any such policies to the Board by June 26, 2001. We have also included direction to submit a schedule of blackout drills similar to earthquake drills for those non-exempt facilities that have significant daily resident contact to make sure that they know what to do when the lights go out and stay out for an extended period of time.

The County Executive's recommended budget also contains an overall forty percent (40%) increase to the utilities accounts in all funds over the FY01 approved budget. We believe that such a dramatic budget increase may, however, turn out be too small. As the State surplus dwindles due to energy payments, the pressure on the Public Utilities Commission to raise rates will be enormous. The utility companies have also asked the Federal Courts to declare illegal the State's deregulation provision that did not allow them to pass the cost of purchasing power on to the customer. If the courts rule in favor of the utilities, ratepayers will have to make up the difference. To be prudent in these circumstance, we recommend that County Executive develop and submit to the Board during the June budget hearings a budget inventory item that augments the utilities account by an amount that staff believes is appropriate based on the latest information regarding rate hikes and the effectiveness of the County's energy conservation measures.

E. MONTHLY, QUARTERLY AND ANNUAL USAGE TARGETS

There is a simple axiom of performance management: "What gets measured, gets done." The Board has applied this axiom to the extra help reduction goals and directed the County Executive to establish for each department maximum allowable hours for the fiscal year. The County Executive also reports quarterly on the actual hours used and the maximum hours allowed to the relevant policy committees and to the full Board in open session.

We believe that the Board should treat this situation as seriously as we treat extra help reduction. The Board should make an implicit contract with itself and its residents to reduce energy consumption by twenty percent. The Board should then direct the County Executive to develop and submit for approval to the Board, through the Emergency Energy Task Force, by September 1, 2001 an allocation of maximum allowable kilowatt-hours of electricity for County facilities by facility cluster to achieve the twenty percent reduction. Then, to demonstrate accountability to our residents and ourselves the County Executive should report monthly, starting in September, to the Board through the Finance and Government Operations Committee (FGOC) on monthly and year-to-date progress in achieving the reduction goal. Since the Emergency Energy Task Force anticipates ending its work in October, the FGOC is the appropriate Committee to initially review these reports.

F. FRAMEWORK FOR COLLABORATION

In addition to focusing on our internal operations, the Board directed the Task Force to work with interested parties to coordinate the dissemination of educational messages relating to public energy conservation. Appendix G outlines a framework for collaboration with other government agencies and community based organizations on achieving significant energy conservation by the public and mitigating the impacts of increased utility bills on low-income families and seniors. We recommend Board approval in concept as the Task Force continues to work with staff to refine and implement it over the next few months. As one of the initial steps, the County Executive should provide updated information via a web link on the County's website on funds available at the State and Federal level to provide relief to low-income ratepayers.

CONSEQUENCES OF NEGATIVE ACTION

Negative action on these recommendations will make it extremely difficult for the Board to achieve the goals and objectives it established for the County's Emergency Energy Task Force.