MEETING NOTICE AND AGENDA

REGIONAL ENERGY WORKING GROUP
The Regional Energy Working Group may take action on any item appearing on this agenda.

Thursday, March 22, 2012
11:30 a.m. to 1 p.m.

SANDAG 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA  92101-4231

Staff Contact: Susan Freedman
(619) 699-7387
Susan.Freedman@sandag.org

AGENDA HIGHLIGHTS

• PROPERTY ASSESSED CLEAN ENERGY PROGRAMS
• SANDAG INVOLVEMENT IN THE REVISED SAN DIEGO GAS & ELECTRIC GENERAL RATE CASE APPLICATION

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To request this document or related reports in an alternative format, please call (619) 699-1900, (619) 699-1904 (TTY), or fax (619) 699-1905.
# ENERGY WORKING GROUP
March 22, 2012

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>WELCOME AND INTRODUCTIONS</td>
</tr>
<tr>
<td>2.</td>
<td>APPROVAL OF FEBRUARY 23, 2012, MEETING SUMMARY</td>
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<td></td>
<td>The Regional Energy Working Group (EWG) is asked to approve the February 23, 2012, meeting summary.</td>
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<td>3.</td>
<td>PUBLIC COMMENTS/MEMBER COMMENTS</td>
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<td></td>
<td>Members of the public shall have the opportunity to address the EWG on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. EWG members also may provide information and announcements under this agenda item.</td>
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<tr>
<td>4.</td>
<td>CHAIR’S REPORT</td>
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<td>5.</td>
<td>REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG REGIONAL ENERGY WORKING GROUP</td>
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<td></td>
<td>Regional Energy Working Group (EWG) members appointed to represent the EWG outside of SANDAG will provide brief reports orally or in writing on external meetings and events attended on behalf of the working group since the last EWG meeting.</td>
</tr>
<tr>
<td>5</td>
<td>PROPERTY ASSESSED CLEAN ENERGY PROGRAMS</td>
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<td></td>
<td>Several Property Assessed Clean Energy (PACE) programs have formed to provide upfront financing to commercial and/or residential property owners. Staff will provide an overview of the various programs, PACE efforts undertaken by local jurisdictions, and possible next steps. Eric Engelman, Office of the Mayor, will share City of San Diego’s PACE activities.</td>
</tr>
<tr>
<td>6.</td>
<td>SANDAG INVOLVEMENT IN THE REVISED SAN DIEGO GAS &amp; ELECTRIC GENERAL RATE CASE APPLICATION</td>
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<tr>
<td></td>
<td>San Diego Gas &amp; Electric filed its amended general rate case application with the California Public Utilities Commission on February 17, 2012. The EWG is asked to discuss the proposed rate changes for solar customers in the context of meeting the Regional Energy Strategy goals.</td>
</tr>
</tbody>
</table>
7. SANDAG LEGISLATIVE PRIORITIES RELATED TO ENERGY

The SANDAG 2012 Legislative Program (No. 2B and 12B) and Regional Energy Strategy priority actions are attached. These adopted policies serve as a foundation on which SANDAG assesses legislation. These are provided as reference documents for the EWG.

8. SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS

Members of the EWG are invited to suggest topics for future meetings. The next EWG meeting will occur on Thursday, April 26, 2012, from 11:30 a.m. to 1 p.m. An update on the Energy Upgrade California program is scheduled for April.

+ next to an agenda item indicates an attachment
March 22, 2012

AGENDA ITEM NO.: 2

Action Requested: APPROVE

FEBRUARY 23, 2012, MEETING SUMMARY

ITEM #1: WELCOME AND INTRODUCTIONS

Chair Carrie Downey, City of Coronado, called the meeting to order at 11:35 a.m.

ITEM #2: DECEMBER 15, 2011, AND JANUARY 26, 2012, MEETING SUMMARY

Matt Burkhart, San Diego Gas and Electric (SDG&E), had submitted corrections via e-mail for the December 15, 2011, meeting summary. Andrew McAllister, California Center for Sustainable Energy (CCSE), motioned to approve the meeting summary including the correction and Pam Bensoussan, City of Chula Vista representing the South County Economic Development Council, seconded the motion. The motion carried without opposition.

Don Mosier, City of Del Mar, motioned to approve the meeting summary from January 26, 2012, and Dave Weil, University of California San Diego, seconded the motion. The motion carried without opposition.

ITEM #3: PUBLIC COMMENTS/MEMBER COMMENTS

John Wotzka, member of the public, commented on several energy items in the national news including solar, wind, and nuclear energy systems throughout the United States; additionally, he referenced news regarding the San Onofre Nuclear Generating Station.

Crystal Crawford, member of the public, thanked the Energy Working Group (EWG) for placing Commercial Property Assessed Clean Energy programs on the agenda for next month’s meeting. She gave an update that a workshop held in January resulted in the formation of a Clean Energy San Diego Leadership Council, in which some of the EWG members will be involved.

Chair Downey shared that a technical sub-group has been created and is a two-year effort by the California Energy Commission (CEC) to determine if the state will meet the renewable energy goals and how much acreage will be needed for the amount of solar, geothermal, and wind energy development necessary to meet state goals. Several representatives from utilities are involved in the CEC technical sub-group. A technical transmission plan will be completed within next two days which will then be used by the environmental impact assessment team for the Desert Renewable Energy Conservation Plan. Chair Downey will provide a link to this information once it is available to distribute to the EWG.
ITEM #4: SAN DIEGO REGIONAL ELECTRIC VEHICLE INFRASTRUCTURE WORKING GROUP

Susan Freedman, SANDAG, introduced the item and explained that the CEC awarded a $200,000 grant to SANDAG as the lead agency with CCSE as the lead prime agency to develop and facilitate a San Diego Regional Electric Vehicle Infrastructure Working Group (REVI).

David Almeida, program manager for regional plug-in electric vehicle (PEV) readiness at CCSE, provided an update on PEV planning efforts in the San Diego region.

Mr. Almeida began with a discussion of the greenhouse gas impacts from the transportation sector and various environmental, public health, and economic benefits to PEVs.

Mr. Almeida explained that electric vehicle (EV) planning completed through the EV project focused on near-term needs including methods for determining optimal locations for publicly accessible PEV chargers. SANDAG assisted this effort providing visual tools through geographical information systems mapping, to plan for 1,000 chargers. Mr. Almeida explained that EV infrastructure is expanding slowly, whereas PEV ownership is taking off.

Chair Downey commented that the City of Coronado will have a public charging station available, but the permitting process has been slow. Questions surround charging during peak hours (as a public site) and how to cover the higher electricity costs.

Mr. Almeida continued stating that CCSE is the administrator of the statewide Clean Vehicle Rebate Project incentive program for PEVs, and in San Diego County, as of February 2012 there are 1,300 PEVs on the road. Moreover, one out of every five PEVs sold in the state are in San Diego County.

CCSE also administers the San Diego Regional Airport Vehicle Rebate Project which encourages ground transportation providers to make the transition to alternative vehicles.

Paul Manasjan, San Diego County Regional Airport Authority, added that the ground transportation fleet now has 86 alternative fueled vehicles. While the rebate incentive has helped the adoption of alternative fuel vehicles, the continually increasing price of gas also has pushed business owners to make long-term economic decisions in favor of alternative fuel or hybrid vehicles.

Mr. Almeida went on to describe the grant from the U.S. Department of Energy (DOE) providing $1 million for 15 projects to address PEV readiness. The overall goal is to align regional and state PEV infrastructure planning approaches to support and expand the PEV market within the state. CCSE is the lead agency for the San Diego region, and will be coordinating with the five other regional partners across the state to establish best practices materials and regional infrastructure plans.

Mr. Almeida then discussed the CEC grant to establish REVI and prepare a regional PEV readiness plan. Through the grant, SANDAG and CCSE are to establish the staff working group which will meet every other month at CCSE. The meetings will address challenges and barriers to PEV infrastructure implementation, leveraging best practices and guidelines from the DOE and EV project. The first meeting will be on March 15, 2012, from 2 to 3:30 p.m. at CCSE. Meetings will
be open to the public, and the EWG will receive quarterly updates on REVI's progress. Mr. Almeida provided contact information for those interested in receiving additional information: e-mail: David.Almeida@energycenter.org, phone: (858) 244-1190.

Mr. Weil asked whether the REVI working group will be looking at impacts on the grid. Mr. Almeida responded that this will be an issue that will be included in discussions by the group. Mr. McAllister added the grid will be an important issue for the REVI working group to discuss and the EWG should have the topic of grid integration at a future EWG meeting.

Chair Downey asked if a draft plan had been developed by ECOtality that shows on a map where the best locations for EV infrastructure are.

Ms. Freedman clarified that ECOtality prepared the regional EV plans as part of the EV project. The project included maps that SANDAG developed that identified quarter-mile opportunity areas for Level 2 and DC fast chargers. SANDAG’s work was conducted as in-kind assistance to the EV project, and due to a lack of funding for EV planning it was not able to independently document this effort. As part of the CEC REVI grant, staff plans to document the mapping effort and make the plans publicly accessible. ECOtality’s plans have been posted on SANDAG’s energy planning Web site at: http://www.sandag.org/index.asp?projectid=339&fuseaction=projects.detail.

Mike Evans, San Diego Regional Chamber of Commerce, commented that the electricity rate structure discussion is critical to the EV infrastructure development. Currently, the only utility provider in the region for EV charging stations is SDG&E. However, having multiple energy service providers can be useful, but is a California Public Utilities Commission (CPUC) issue. Mr. Evans commented that this is another area where the regulatory process is lagging behind the distribution of EVs and infrastructure.

Chair Downey noted this issue can be added as a future EWG agenda item.

Mr. McAllister added that the CPUC has been holding workshops addressing public structures and the technology to support this public infrastructure.

Mr. Almeida commented that the CPUC is looking at the option of sub-metering for EV charging stations to address some of these issues. He also gave an example of the City of Austin, where the city provides the electricity for EV charging stations and EV owners pay monthly fees for access. He agreed that the CPUC process is slower than vehicle adoption and REVI and other statewide stakeholders have the opportunity to become involved to influence this issue.

**ITEM #5: SANDAG WORKING GROUP POLICIES AND PRACTICES**

Chair Downey reminded the group that the role of the EWG is to make recommendations to the Regional Planning Committee (RPC). The RPC then makes recommendations to the SANDAG Board of Directors.

Because EWG representatives are participating on the SDG&E Solar Stakeholder Collaboration Group (SSCG), Chair Downey suggested that a standing agenda item be reserved for updates from these representatives. Chair Downey clarified that under SANDAG rules, the Chair of the SANDAG Board has the authority to appoint elected officials to represent the SANDAG Board at
any committees or groups. Chair Downey noted that she will be requesting that an alternate be appointed for the SSCG. Sample language for a standing agenda item was provided within the agenda and agreeable to the EWG.

Peter Hasapopoulos, Sierra Club, commented that he agreed with a standing agenda item, but expressed concern on how the EWG representative would speak and vote at these committees on behalf of the EWG.

Chair Downey clarified that the appointed elected official would be representing the views of the SANDAG Board and not the EWG. The appointed representative would use their best ability to speak on behalf of the Board, using Board adopted policies such as the Regional Energy Strategy (RES) as a guide.

Ms. Freedman stated that staff can incorporate the standing agenda item into future meeting agendas. She also stated that staff can e-mail the EWG distribution list announcements about external meetings at which an EWG representative participates.

ITEM #6: UPDATE ON SANDAG INVOLVEMENT IN SOLAR RATE CHANGES

Ms. Freedman provided an update on SANDAG’s involvement in SDG&E’s proposed solar rate changes. She stated that Lesa Heebner, City of Solana Beach, also attended the RPC meeting and was able to elaborate on the staff presentation about the EWG’s efforts. Ms. Freedman noted the RPC meeting summary would be distributed following today’s meeting.

Ms. Freedman explained that the RPC decided to postpone making recommendations to the Board on what position SANDAG should take because the urgency on the subject had changed. Since SDG&E was charged with submitting a revised application to the CPUC on February 17, 2012, the existing application was no longer valid. The RPC requested that the EWG review the new filing and return with suggested actions, if needed.

The RPC members then discussed what they believed the role of SANDAG should be on this issue. The majority voiced that they did not think SANDAG should become an intervenor in a rate case proceeding, which happens every three years. They believed that SANDAG’s influence would be effective at the policy level discussion of solar subsidies and meeting regional solar goals.

Additional comments included concern by RPC members that the rate case was not an arena in which the SANDAG Board would be able to reach consensus. RPC members did voice that they wanted to be kept informed on this issue from the EWG and wanted to know when an appropriate time would be to become more engaged on this issue, such as when solar is addressed in a statewide legislative or regulatory proceeding.

Furthermore, the RPC recognized that public participation is important and voiced that it could be worthwhile to submit a letter to SDG&E and the CPUC during the public hearings on the potential impacts to meeting regional solar goals.

Chair Downey requested that the members review SDG&E’s new filing with a focus on how it aligns with the RES. The EWG will discuss, form comments, and develop recommendations for the RPC.
ITEM #7: ADJOURNMENT AND SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS

Mr. Evans suggested semi-annual updates and status on meeting goals within the RES. Mr. Evans also requested legislative updates such as the information provided by the Energy Policy Initiatives Center at University of San Diego.

The next scheduled meeting is on March 22, 2012, from 11:30 a.m. to 1 p.m.

The meeting was adjourned at 12:56 p.m.
<table>
<thead>
<tr>
<th>REPRESENTATION</th>
<th>JURISDICTION / ORGANIZATION</th>
<th>NAME</th>
<th>MEMBER / ALTERNATE</th>
<th>ATTENDING</th>
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<tbody>
<tr>
<td>South County Subregion</td>
<td>City of Coronado</td>
<td>Hon. Carrie Downey, Chair</td>
<td>Member</td>
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<td></td>
<td>City of Chula Vista</td>
<td>Hon. Pamela Bensoussan</td>
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<td>North County Coastal Subregion</td>
<td>City of Del Mar</td>
<td>Hon. Don Mosier</td>
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<td></td>
<td>City of Solana Beach</td>
<td>Hon. Lesa Heebner</td>
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<td>North County Inland Subregion</td>
<td>City of Escondido</td>
<td>Hon. Ed Gallo</td>
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<td>East County Subregion</td>
<td>City of Santee</td>
<td>Hon. Rob McNelis</td>
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<td>City of San Diego Subregion</td>
<td>City of San Diego</td>
<td>Hon. Sherri Lightner</td>
<td>Member</td>
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<td></td>
<td>Hon. David Alvarez</td>
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<td>County of San Diego Subregion</td>
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<td>Peter Livingston</td>
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<td>Public Transit Operators</td>
<td>Metropolitan Transit System (MTS)</td>
<td>Sharon Cooney</td>
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<td>North County Transit District (NCTD)</td>
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<td>Other Public Agencies</td>
<td>San Diego County Regional Airport Authority</td>
<td>Paul Manasjan</td>
<td>Member</td>
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<td></td>
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<td>Brett Caldwell</td>
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<td>Ed Gowens</td>
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<td></td>
<td>Unified Port of San Diego</td>
<td>Michelle White</td>
<td>Member</td>
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<td>Cody Hooven</td>
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<td>Universities</td>
<td>San Diego State University</td>
<td>Dr. Heather Honea</td>
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<td></td>
<td>University of California, San Diego</td>
<td>Dave Weil</td>
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<td>Energy Utility</td>
<td>San Diego Gas &amp; Electric</td>
<td>Matt Burkhart</td>
<td>Member</td>
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<td>Claudia Valenzuela</td>
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<td>Energy Non-Profit</td>
<td>California Center for Sustainable Energy</td>
<td>Andrew McAllister</td>
<td>Member</td>
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<td>Charlie Buck</td>
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<td>Transportation Fuels</td>
<td>San Diego Clean Cities Coalition</td>
<td>Greg Newhouse</td>
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<td>Jennifer Case</td>
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<td>Energy Academics and Research</td>
<td>Energy Policy Initiatives Center, University of San Diego School of Law</td>
<td>Scott Anders, Vice Chair</td>
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<td>Nilmini Silva-Send</td>
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<td>Environment/Social Justice</td>
<td>Environmental Health Coalition</td>
<td>Nicole Capretz</td>
<td>Member</td>
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<td></td>
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<td>Kayla Race</td>
<td>Alternate</td>
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<td></td>
<td>Sierra Club</td>
<td>Bill Powers</td>
<td>Member</td>
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<td>Pete Hasapopoulos</td>
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<tr>
<td>Business</td>
<td>San Diego Regional Chamber of Commerce</td>
<td>Mike Evans</td>
<td>Member</td>
<td>YES</td>
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<td></td>
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<td>Mike Nagy</td>
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<td></td>
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<td>Carmen Sandoval</td>
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<td>Economic Development</td>
<td>North County Economic Development Council</td>
<td>David Lloyd</td>
<td>Member</td>
<td>No</td>
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<td></td>
<td>South County Economic Development Council</td>
<td>Pamela Bensoussan</td>
<td>Alternate</td>
<td>YES</td>
</tr>
</tbody>
</table>
OTHER ATTENDEES:
David Almeida, CCSE
Ryan Binns, AMEC
Josh Brock, SDG&E
Crystal Crawford
Gretchen Crowson, City of Del Mar
Eric Engelma, City of San Diego
Leila Ibrahim, Caltrans
Judy Klyver
Mo Lahsaie, City of Oceanside
Bob Leiter, AECOM
Greg Ortega, San Diego County Water Authority
Brendan Reed, City of Chula Vista
Marina Som, AMEC
Kathy Winn, City of Escondido
John Wotzka
Todd Carpenter, SANDAG
Susan Freedman, SANDAG
Allison King, SANDAG
Katie Levy, SANDAG
Rob Rundle, SANDAG
PROPERTY ASSESSED CLEAN ENERGY PROGRAMS

Introduction

In 2008, Assembly Bill 811, (Levine, 2008) authorized cities and counties in California to administer Property Assessed Clean Energy (PACE) programs. PACE programs work by allowing property owners to finance renewable energy, energy efficiency, or water conservation projects through loans that are repaid as an item on the property owner’s tax bill. These unique financing opportunities can stay tied to the property if the owner resells the property. PACE programs can be developed for commercial and/or residential property owners. Several PACE programs have launched across the state following a variety of business models. Locally, member agencies are exploring opportunities to launch PACE financing in the San Diego region.

First, staff will provide a “PACE 101” overview including how finance programs are addressed in the Regional Energy Strategy (RES), PACE program options, and local PACE program activities. Eric Engelman, Office of the Mayor, City of San Diego, will then provide an overview of the city’s efforts in this area and its plans to implement a commercial PACE program in 2012.

Discussion

Regional Energy Strategy

The RES includes regional energy goals covering 11 topic areas, including energy efficiency. Each goal recommends multiple policy measures that regional and/or local governments could undertake to meet the region’s long-term goals. In addition, six early actions were identified by the San Diego Association of Governments’ Board of Directors. Two are directly related to supporting building retrofits and PACE programs:

- Pursue a comprehensive building retrofit program to improve efficiency and install renewable energy systems.
- Create financing programs to pay for projects and improvements that save energy.

The RES Energy Efficiency Goal is to keep total electricity consumption in the residential and commercial sectors flat through 2030. The RES states that the approach to meeting this goal will require increased energy conservation and efficiency efforts, above and beyond existing state policy and utility-administered programs. RES Section 5.1 addressing the energy efficiency goal, data, issues, and policy measures is included as Attachment 1 to this report.
In addition, one RES Guiding Principle is to Promote State Policy for Zero Net Energy Residential and Commercial Buildings, stating the following:

Consistent with the policy direction of state agencies like the California Public Utilities Commission (CPUC), aggressive strategies, including regulations and incentives, are employed to achieve zero net energy usage in new residential and commercial buildings and communities, and reduce energy usage in existing residential and commercial buildings and communities, through energy efficiency, clean distributed generation, and community planning efforts.

**PACE Programs**

Throughout the state, nine different PACE programs are operating or scheduled to launch shortly as indicated by the year associated with each of the identified programs or regions below. Each follows a different business model depending on the PACE provider and the finance structure.

- City of Palm Desert, 2008
- Sonoma County, 2009
- Placer County, 2010
- San Francisco, 2011
- Los Angeles County, 2011
- Western Riverside COG, 2011
- California PACE (14 cities), 2012
- City of Sacramento, Exp. 2012
- CaliforniaFIRST (141 cities/counties), Exp. 2012

The programs use either a “single lender” or “open lender” finance structure. A “single lender” structure describes a program where property owners are offered a single source of funding, either from the local government or a private company. Existing “open lender” programs either allow property owners to secure their own funding by negotiating with individual lenders, or individual lenders can bid on the bonds generated by a PACE program. Some local governments have administered PACE programs in-house and others are contracting the program development and/or administration to third parties. Private firms have taken initiative to inform regional stakeholders of how a PACE program could benefit the San Diego region. PACE providers such as Ygrene, FIGtree, and Renewable Funding have been conducting outreach in the region.

**CaliforniaFIRST**

CaliforniaFIRST is a statewide PACE program offered by California Communities, a joint powers authority (JPA) sponsored by the League of California Cities and California State Association of Counties. The member agencies of California Communities include all 58 counties and more than 400 other local agencies throughout the state. CaliforniaFIRST allows property owners in participating cities and counties to finance energy efficiency, renewable energy improvements, and water efficiency improvements to their property. Renewable Funding was competitively selected to be the program administrator for CaliforniaFIRST. The program was originally to offer residential and commercial PACE financing. Throughout 2010 and 2011, the Federal Housing Finance Agency (FHFA) expressed concerns surrounding loan seniority (described below) that created uncertainty for residential PACE programs. CaliforniaFIRST, like many other planned and existing PACE programs, has opted to target commercial properties until regulatory issues are resolved for the residential sector. CaliforniaFIRST is expected to begin accepting commercial PACE applications in spring 2012.
California PACE

Similar to CaliforniaFIRST, California PACE is a JPA through the California Enterprise Development Authority (CEDA). CEDA acts as a bond issuer and facilitates the formation of the assessment district that spans the multiple jurisdictions participating. California PACE is administered by FIGtree Energy Company.

Residential PACE: FHFA Statement

FHFA is an independent federal agency that supervises and regulates the companies operating in the secondary residential mortgage market (Fannie Mae and Freddie Mac). In 2010, FHFA stated that “first liens established by PACE loans are unlike routine tax assessments and pose unusual and difficult market risk management challenges for lenders, servicers, and mortgage security investors.” In 2011, FHFA directed Fannie Mae and Freddie Mac to refrain from purchasing mortgages backed by properties with PACE liens. The FHFA action has driven PACE programs to focus on commercial rather than residential opportunities. Following a California District Court order, FHFA has initiated a federal rulemaking process to evaluate the statement made in 2010.

Local Efforts

City of San Diego

In December 2008, the City of San Diego began working to leverage its Energy Efficiency and Conservation Block Grant funds and California Public Utilities Commission/San Diego Gas & Electric Partnership funds to establish the San Diego Clean Generation Program for residential customers. After the FHFA action regarding PACE programs, the City of San Diego established a different type of finance program called the San Diego Home Energy Upgrade Loan Program in 2010. Through a competitive procurement, the City of San Diego challenged financial institutions to propose how they could best leverage a pool of city funds to share risk and offer an aggressive home energy efficiency loan product. This year, the City of San Diego is planning to launch a commercial PACE program. Mr. Engelman will present information on their efforts.

County of San Diego

In December 2009, the County of San Diego adopted a resolution to join CaliforniaFIRST. The resolution authorized California Communities (through the CaliforniaFIRST program) to accept applications from owners of property within the County of San Diego’s unincorporated area for municipal financing of renewable energy, energy efficiency, and water efficiency improvements. Participation of local cities was contingent upon the county’s participation.

Cities of San Diego County

Subsequent to the county resolution, many local governments in the region decided to join the CaliforniaFIRST program. The city council for each participating jurisdiction adopted a resolution joining CaliforniaFIRST. The City of Chula Vista’s resolution is provided as an example as
Attachment 2. CaliforniaFIRST plans to begin accepting applications from commercial property owners in spring 2012. The following local cities have joined CaliforniaFIRST.

- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- Encinitas
- Escondido
- La Mesa
- Lemon Grove
- Oceanside
- Poway
- Santee
- Solana Beach

The purpose of this report is to inform the EWG about local government measures that support the RES early action to create financing programs to pay for projects and improvements that save energy. Staff will continue to monitor federal legislation on this issue, local government actions related to PACE programs, and provide updates to the EWG.

Attachments: 1. Regional Energy Strategy Section 5.1 – Energy Efficiency Goal
2. Resolution No. 2010-005: Resolution of the City Council of the City of Chula Vista

Key Staff Contact: Allison King, (619) 699-1973, Allison.King@sandag.org
Regional Energy Goals: Energy Efficiency and Conservation

Energy Efficiency and Conservation

Goal: Reduce per capita electricity consumption in the residential and commercial sectors by 20 percent by 2030 in order to keep total electricity consumption flat between now and 2030.

Introduction

Reducing energy use is the first priority in the state’s preferred loading order for meeting new energy needs because it can help meet future energy needs and reduce greenhouse gas (GHG) emissions without significant investment in infrastructure and with little or no environmental impact. From a customer perspective, reducing energy use has direct and measurable benefits including cost savings. Energy use can be reduced by two related strategies: conservation and energy efficiency. Energy conservation refers to behavior changes that decrease energy use, such as turning off lights and changing thermostat settings. Energy efficiency includes programs that require buildings and appliances to be constructed in a manner that uses less energy, provide incentives for purchasing energy efficient equipment, and provide information and education to encourage people to save energy. Energy efficiency refers to structural changes, such as replacing appliances with more efficient models, replacing incandescent lamps with compact fluorescent (CFL) or light-emitting diode (LED) lamps, or tuning up building systems to improve their energy performance. Efficiency and conservation are necessary and complimentary.

California has promoted energy efficiency through policies and programs that require buildings and appliances to be constructed in a manner that uses less energy, provide incentives for purchasing energy efficiency equipment, and provide information to encourage people to save energy. Since the 1970s, these programs have helped keep per capita electricity consumption flat.

Energy efficiency measures for both electricity and natural gas can significantly reduce GHG emissions. Given the region’s relatively low level of industrial activity, the primary focus is on improving energy efficiency, in both the existing building stock and new construction. In particular, the existing building stock presents a significant opportunity to achieve major improvements in energy efficiency. Because buildings typically have a lifespan of several decades, it is important to build in as much efficiency as possible.
1.1.1 California Energy Efficiency Policy

Key state energy efficiency policies include:

- California’s Energy Efficiency Standards for Residential and Nonresidential Buildings were established in 1978 and are regularly updated as relevant cost-effective improvements become available. The next update will take effect on January 1, 2010. Local government building departments are responsible for enforcing these mandatory energy efficiency standards for buildings at the time of construction.

- The California “Green Building Action Plan” was developed in conjunction with the signing of Executive Order S-20-04, the “Green Building Initiative,” in which the governor calls for state buildings to be 20 percent more energy efficient by 2015 and encourages similar private sector efforts.

- Assembly Bill (AB) 2021 (Levine, Chapter 734, Statutes of 2006), which requires an estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establishment of annual statewide targets for energy efficiency savings and demand reduction over 10 years. AB 2021 is a key legislative mechanism for utilities to expand their energy efficiency programs.

- The Climate Change Scoping Plan, which outlines GHG reduction measures in the electricity and natural gas sectors through building and appliance standards, implementing additional conservation and efficiency programs, increasing combined heat and power (CHP), solar water heating systems, and the like.

- The California Public Utility Commission (CPUC) Long-Term Energy Efficiency Strategic Plan, which provides a roadmap to achieve maximum energy savings across all sectors in the state including local government, and identified four “Big Bold Energy Efficiency Strategies”:
  
  1. All new residential construction in California will be zero net energy by 2020;  
  2. All new commercial construction in California will be zero net energy by 2030;  
  3. Heating, ventilation, and air conditioning will be transformed to ensure that its energy performance is optimal for California’s climate; and  
  4. All eligible low-income customers will be given the opportunity to participate in the low income energy efficiency program by 2020.

The Strategic Plan also specifically calls upon local governments to do the following:

- At least 5 percent of California’s local governments (representing at least 5 percent of CA total population) each year adopt “reach” (enhanced energy efficiency) codes.

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1 A zero net energy building combines building energy efficiency design features and clean onsite or near-site distributed generation of sufficient quantity on an annual basis to offset any residual purchases of electricity or natural gas from utility suppliers.

2 The CPUC is working with investor-owned utilities like SDG&E to develop a menu of strategies that local governments could implement through local government partnerships to contribute to the Strategic Plan goals.
- By 2020, the majority of local governments have adopted incentives or mandates to achieve above-code levels of energy efficiency in their communities, or have led statewide adoption of these higher codes.

- The current rate of non-compliance with codes and standards is halved by 2012, halved again by 2016, and full compliance is achieved by 2020.

- By 2015, 50 percent of local governments have adopted energy efficiency/sustainability/climate change action plans for their communities and 100 percent by 2020, with implementation and tracking of achievements.

- The Plan also identifies the following areas where local government authority can reduce energy use in new and existing buildings:
  1. Ensuring compliance and enforcement of the Title 24 energy code for residential and commercial buildings.
  2. Adopting building codes beyond Title 24’s energy requirements (and potentially other “green” requirements).
  3. Supporting highly efficient projects that voluntarily exceed minimum energy codes through favorable fee structures, fast-tracked permitting and other innovative and locally appropriate approaches.
  4. Enacting ordinances with point-of-sale or other approaches that spur efficiency actions in existing, privately-owned buildings.
  5. Applying efficiency-related “carrots” and “sticks” using local zoning and development authority.

### 1.1.2 California Energy Efficiency Programs

In September 2009 the CPUC issued a decision to approve energy efficiency programs for 2010 - 2012, establishing a three-year budget of $3.1 billion for Southern California Edison, Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Gas Company. This is the largest commitment ever made by a state to energy efficiency. Statewide, these programs could create estimated energy savings of almost 7,000 gigawatt hours, 1,500 megawatts, and 150 million metric therms of natural gas, the equivalent of three 500-megawatt power plants and could avoid 3 million tons of GHG emissions. The funding from this decision can create between 15,000 and 18,000 skilled green jobs statewide.

The decision includes the new California statewide program for residential energy efficiency - CalSPREE - the largest and most comprehensive residential retrofit program in the country, aiming to reduce energy consumption by 20 percent for up to 130,000 California homes by 2012. The decision also funds $175 million for innovative programs to deliver zero net energy homes and commercial buildings, including design assistance, incentives for “above code” construction, and research and demonstration of new technologies and materials.

The decision also provides over $260 million in funding for 64 cities, counties, and regional agencies for local efforts targeting public sector building retrofits and leading edge energy efficiency opportunities. Over $100 million will go to education and training programs at all
levels of our educational system to ensure a steady pipeline of skilled blue and white collar energy efficiency professionals.

At the national level, the American Recovery and Reinvestment Act of 2009 (ARRA) is funding the Energy Efficiency and Conservation Block Grant Program, which is providing millions of dollars for local governments in the region to implement projects and programs that reduce total energy use and fossil fuel emissions and improve energy efficiency in multiple sectors. ARRA also is providing $226 million to the Energy Commission for the State Energy Program (SEP). The SEP provides grants to states to help address energy priorities and program funding to finance renewable energy and energy efficiency improvements in buildings. The SEP is an important component of the overall strategy for making buildings and industrial facilities more energy efficient.

SANDAG, the California Center for Sustainable Energy, several local governments, and other partners are currently collaborating on a SEP proposal to develop a whole building residential retrofit program focused on improving the energy efficiency of existing single family and multifamily residential buildings in the region. If successful, this proposal could bring up to $8 million to the region, and lay the foundation for a long-term existing building retrofit program.

1.1.3 Electricity Consumption Overview

Within buildings, lighting usually comprises the largest portion of electricity usage, roughly 20-25 percent of the total. Air conditioning is likely to be the largest single energy user for buildings in hotter climate zones in the region. Central, wall-unit, and so-called “split” air-conditioning systems available today are significantly more energy efficient relative to older systems.

In addition, “plug loads” collectively account for around 25 percent of overall household energy use in California – more than the refrigerator in most homes. Plug loads are smaller electrical devices or appliances that draw power through an electric outlet, such computers and their peripherals; televisions and entertainment systems; and a wide variety of electronics and rechargeable devices. Further, many electronics and electronic components of appliances use electricity even when the device is not being used. Consumers are often unaware that they are of paying higher electricity bills to cover this “phantom” usage (also called “standby” power). Some estimates show standby power to be as much as 10 percent of a home’s electricity consumption. While state and federal governments work with the manufacturing industry to establish and strengthen energy standards for appliances and electronics to reduce demand from plug loads, consumer education about plug loads and efficient appliances in the marketplace can also reduce electricity consumption.

Approach to Meeting the Energy Efficiency Goal

Keeping total electricity consumption in the residential and commercial sectors flat through 2030 will require increased energy conservation and efficiency efforts, above and beyond existing state policy and utility-administered programs described above. As shown in Figure EE-1, additional measures are needed to keep total residential and electricity consumption flat through 2030.
The future electricity projections presented here do not take into account potential growth in electricity consumption due to plug-in electric vehicles. As discussed further in Section 8. Transportation Fuels, plug-in electric vehicles can help the region meet its goals for reducing GHG emissions, improving air quality, and reducing dependence on imported petroleum fuels. While initial market penetration of plug-in electric vehicles likely can be accommodated by the existing electricity grid, conversion of a substantial portion of the vehicle fleet to plug-in vehicles has the potential to increase total electricity consumption, and interfere with the goal of keeping consumption flat, as well as increase peak demand.

**Figure EE-1: Projected Impacts of Energy Efficiency Measures in the San Diego Region 2010-2030 (above and beyond business as usual)**

Table EE-1 depicts the potential electricity savings from select energy efficiency measures that could be implemented by local governments (except for increased utility program funding and new appliance standards).

<table>
<thead>
<tr>
<th>Measures</th>
<th>2030 Reductions (2007 baseline)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased utility energy efficiency program funding</td>
<td>675 GWh 3.0 %</td>
</tr>
<tr>
<td>Comprehensive residential building retrofit program</td>
<td>1482 GWh 6.7 %</td>
</tr>
<tr>
<td>Comprehensive commercial building retrofit program</td>
<td>572 GWh 2.6 %</td>
</tr>
<tr>
<td>New construction building standards (post-2009 updates)</td>
<td>260 GWh 1.2 %</td>
</tr>
<tr>
<td>Appliance standards (post-2009 updates)</td>
<td>447 GWh 2.0 %</td>
</tr>
<tr>
<td>Total electricity reduction from above measures</td>
<td>3438 GWh 15.6 %</td>
</tr>
<tr>
<td>Reduction in total electricity consumption due to energy efficiency</td>
<td>22 GWh 0.1 %</td>
</tr>
<tr>
<td>Reduction in per capita electricity consumption due to energy efficiency</td>
<td>n/a 22.2 %</td>
</tr>
</tbody>
</table>

Source: California Center for Sustainable Energy, 2009.

Notes: 1) Energy efficiency measures are above and beyond currently funded energy efficiency programs. 2) Table does not include transportation fuels.
Local governments have the opportunity to use their authority and influence to help achieve the needed additional energy efficiency savings to achieve the goal for 2030. Table EE-1 shows that the retrofits of existing residential and commercial buildings, particularly residential buildings, offer the greatest potential for additional energy efficiency savings. However, there are challenges to increasing the efficiency of existing buildings. The upfront costs of an energy audit and energy improvements can be expensive. In addition, there is little incentive for renters in the residential sector or lessees in the commercial sector to pay for energy-saving improvements because they do not own the property. At the same time, there is little incentive for an owner to pay for energy improvements because they do not pay the energy bill. This concept is known as the “split incentive.”

Also, although numerous energy efficiency programs exist for residential and commercial buildings, they generally focus on individual building components. Longer-term and larger energy savings can be achieved through more comprehensive or holistic programs that take an integrated approach to evaluating an entire building and creating prioritized packages of measures. Measures can include lighting, insulation, windows, space and water heating, space cooling, ductwork, weatherization, electronics, appliances, swimming pools, and spas. In general, efficiency upgrades are not required retroactively for existing buildings. As a result, policies and programs, and especially funding mechanisms, are needed to achieve energy efficiency savings in the region’s existing building stock.

1.1.4 Pursuing Energy Efficiency in Existing Buildings

To determine how much energy an existing building uses, including the devices plugged into its electrical outlets, an energy audit serves as an essential first step. The audit can identify both energy usage and opportunities where energy can be saved. The “Home Energy Rating System” program, better known as HERS program, is a nationally recognized system to conduct whole-house energy assessments. HERS raters perform a comprehensive audit for existing homes. Building performance contractors are certified to perform audits for residential and nonresidential buildings as well.4

An energy audit can discover inefficiencies and provide solutions for increased efficiency. In addition, the audit is an opportune time to assess potential for installing a distributed generation system, such as rooftop solar photovoltaics (PV) or a fuel cell, along with or after any energy efficiency improvements have been made. This topic is addressed further in Chapter V, Section 3, Distributed Generation, of SANDAG’s Regional Energy Strategy.

Potential Funding Mechanisms for Energy Efficiency

Building owners often need financial assistance to implement energy-saving projects due to upfront purchase and installation costs. Energy efficiency financing mechanisms exist but some are new, not well known, not widely used, or only available to certain customers. Mechanisms include utility on-bill financing, property-assessed financing, low interest loans.

4 However, there is a significant lack of trained HERS raters in the San Diego region, a void that could be addressed through new training programs. These programs could build from previous programs, like the “Healthy Homes” program funded by the City of San Diego and U.S. Department of Housing and Urban Development, which utilized an integrated approach to remediation issues in existing building stock.
for energy efficiency improvements, rebates, incentives, and federal and state tax credits. A local workforce of trained contractors also is needed to perform building retrofits and other assessments.

Upfront costs can be offset by participating in an on-bill financing (OBF) program, which allows utility customers to pay for energy-efficient improvements through their monthly energy bills. The utility offers an upfront loan used to pay for the cost of the qualifying measure. The energy savings realized from the improvement are used to pay back the loan through monthly utility bills, and once the loan is paid off, monthly bills are permanently lower. SDG&E offers an OBF program for business and government customers participating in demand response programs.

Property Assessed Clean Energy or “PACE” programs, also commonly referred to as AB 811 style programs, can serve as a financing mechanism to implement energy efficiency and renewable energy projects. PACE programs allow local governments to offer sustainable energy project loans to eligible property owners. Through the creation of financing districts, property owners can finance energy efficiency improvements and renewable onsite generation installations through a voluntary assessment on their property tax bills.

AB 811 allows local government entities to offer sustainable energy project loans to eligible property owners. With the creation of assessment financing districts, interested property owners can finance energy efficiency projects, solar photovoltaic installations, and possibly other improvements fixed to real property through an assessment on their property tax bills. This mechanism allows property owners to avoid high upfront installation costs and eliminate concern they might sell the property before seeing full return on that high upfront investment. The result is that property owners within AB 811-type financing districts can finance their improvements with reduced financial risk. The AB 811 mechanism does not require investment of general fund dollars and loan repayment becomes a senior lien on the property, ahead of the mortgage itself.

Local governments such as the City of San Diego are actively developing municipal financing programs. Additionally, the California Statewide Community Development Authority (CSCDA, also known as “California Communities”) is developing an AB 811 program, which member jurisdictions (virtually all local governments in the state) could join. California Communities is a statewide joint powers authority (JPA) that can utilize its existing authority to aggregate demand from local governments to relieve them of the burden of establishing financing districts and accessing the bond market for funding.

SANDAG, California Center for Sustainable Energy, several local governments, and other partners are currently collaborating on a State Energy Program (SEP) proposal to develop a whole building residential retrofit program focused on improving the energy efficiency of existing single family and multifamily residential buildings. If successful, this proposal could bring up to $8 million to the region, and lay the foundation for a long-term existing building retrofit program.

Another example of a financing mechanism is the energy efficient mortgage (EEM). An EEM allows new or current homeowners to finance purchase of a home (or refinance a current mortgage) and include the value of energy saving, cost efficient improvements. EEMs can be
used to purchase a new energy efficient home or to finance new improvements to existing homes (also known as an Energy Improvement Mortgage, or EIM). Because cost-effective energy improvements can result in lower utility bills, making more funding available for a mortgage payment, energy efficiency improvements can be directly included in the EEM without the need to qualify for additional financing. By giving borrowers the opportunity to finance improvements as part of a single mortgage, an EEM can also stretch the debt-to-income qualifying ratio and enable homebuyers to qualify for a larger loan amount (and a more energy efficient home).

EEMs are sponsored by federally insured mortgage programs and the conventional secondary mortgage market (Fannie Mae and Freddie Mac). Several types of EEM programs are available. Eligibility for individual EEM programs varies, but in general there is no age limit or income level required. Typically, all programs require that a home energy rating be conducted to provide the lender with an estimate of the “Energy Savings Value”, which includes monthly energy savings and the value of existing/planned energy efficiency measures.

1.1.5 SANDAG Sustainable Regional Program: Energy Roadmap Initiative

As part of CPUC funding for local efforts targeting public sector building retrofits, SANDAG has been awarded about $1.7 million in funding for a Local Government Partnership with SDG&E. The partnership will enable SANDAG and SDG&E to make energy planning assistance available to local governments through the Energy Roadmap initiative, which is an expansion of the existing SANDAG Sustainable Region Program (SRP). The SRP began as a pilot program with the City of Carlsbad from 2005-2006. The pilot program identified almost $200,000 in available energy savings through cost-effective energy efficiency measures and the city was able to save 489,571 kWh in energy consumption through local energy efficiency programs. The SRP was later expanded to the cities of Solana Beach, Poway, and Imperial Beach.

Since the cities of Chula Vista and San Diego and the county, have individual partnerships with SDG&E, the SANDAG-led initiative is primarily targeted at local governments without full-time energy staff and that have minimally participated or not participated in available energy-saving programs. The energy planning assistance is expected to help local governments save money, use less energy, and reduce GHG emissions. The partnership will fund the Energy Roadmap initiative from January 2010 through December 2012.

The Energy Roadmap initiative will focus on the identification of energy-saving measures for local government operations, as well as policy measures that local governments could implement to realize energy savings for residents, businesses, and throughout their communities. Components of the program will include energy assessments and audits of existing government buildings and facilities, plan review of proposed construction projects, analysis of opportunities to integrate energy-saving policies into the General Plan and other local plans, policies, and regulations, assistance with project development for energy efficiency installations, training of local government staff, public education and engagement tools, identification of rebate and financing programs, and other useful resources for energy management planning. There also will be a focus on clean energy
economic development, potential pilot demonstrations of emerging technologies, and opportunities for clean, on-site energy generation.

Strategies to improve building energy efficiency include Zero Net Energy (ZNE) buildings, voluntary and mandatory measures to achieve energy efficiency beyond minimum requirements for new construction, voluntary and mandatory energy-saving retrofits for existing buildings, and improved compliance and enforcement of energy efficiency standards. Increased installation of high efficiency technologies like solar hot water heaters and cogeneration systems are additional strategies to offset natural gas use and meet energy needs more efficiently. And finally, funding and financing strategies are essential to successfully increasing energy efficiency and reducing GHG emissions from the region’s building stock.

1.1.6 Recommended Actions to Promote Energy Efficiency and Conservation

SANDAG, local governments, or other regional entities can undertake the following actions to support energy efficiency and conservation. In some cases, active collaboration among multiple jurisdictions will be needed to implement the recommended actions. The following recommended actions also would contribute to other energy goals, and the energy efficiency goal would be enhanced by recommended action identified in other topic areas, as described below.

SANDAG

EE-1. Provide energy efficiency planning assistance to local governments through the SANDAG Sustainable Region Program.

Local Governments

EE-2. Establish building energy rating and disclosure policies that inform building owners of their energy usage.
EE-3. Develop a policy to include energy star appliances in new construction.
EE-4. Exceed Title 24 energy requirements for new construction through regulations or incentives that work toward an overall goal of zero net energy new homes by 2020 and zero net energy new commercial buildings by 2030.
EE-5. Increase enforcement of building energy requirements to reduce the rate of noncompliance.
EE-6. Promote policies that lead to energy efficiency retrofits in existing buildings.
EE-7. Support increased use of solar water heating in residential, pool, and commercial uses to offset natural gas demand (e.g., pre-plumb policies).

SANDAG, Local Governments, or other Regional Entities

EE-8. Develop model language for a range of policies that seek to reduce energy use in existing buildings and new construction.
EE-9. Develop a whole-building retrofit program to improve energy efficiency in existing residential, commercial, municipal, and other buildings.

EE-10. Establish financing programs (using public or private sources) that residents and businesses can access to conduct energy assessments and make energy efficiency retrofits to existing buildings, as well as other energy-related improvements such as distributed photovoltaic installations.

EE-11. Conduct an assessment of the regional building stock to determine the potential magnitude of energy savings, their contribution to the energy efficiency and conservation goal, and geographical concentrations of retrofit opportunities.

EE-12. Provide information and resources to help residents, businesses, developers, builders, and others improve energy efficiency and conservation in new and existing buildings.
RESOLUTION NO. 2010-005

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA (1) AUTHORIZING THE CITY OF CHULA VISTA TO JOIN THE CALIFORNIAFIRST PROGRAM, ESTABLISHED AND ADMINISTERED BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, (2) AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, AS PART OF THE CALIFORNIAFIRST PROGRAM, TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS, AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY OF CHULA VISTA, (3) AUTHORIZING RELATED ACTIONS, AND (4) AUTHORIZING THE CITY MANAGER TO EXECUTE ALL DOCUMENTS IN CONJUNCTION WITH PARTICIPATING IN THE CALIFORNIAFIRST PROGRAM

WHEREAS, the California Statewide Communities Development Authority (California Communities) is a joint exercise of powers authority whose members include numerous cities and counties in the State of California, including the City of Chula Vista (City); and

WHEREAS, California Communities has established the CaliforniaFIRST program (CaliforniaFIRST Program) to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements (Improvements) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (Chapter 29) and the issuance of improvement bonds (the Bonds) under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the 1915 Act) upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property within its jurisdiction (Participating Property Owners) to participate in the CaliforniaFIRST Program which would provide the Participating Property Owners financing to make certain renewable energy, energy efficiency, and water efficiency improvements; and

WHEREAS, the City further desires to allow California Communities to conduct assessment proceedings under Chapter 29 and to issue Bonds under the 1915 Act to finance the Improvements permitted by the CaliforniaFIRST Program; and
Resolution No. 2010-005
Page 2

WHEREAS, California Communities will conduct assessment proceedings under Chapter 29 and issue Bonds under the 1915 Act to finance Improvements permitted by the CaliforniaFIRST Program; and

WHEREAS, there has been presented to this meeting a proposed form of Resolution of Intention (the ROI) to be adopted by California Communities in connection with such assessment proceedings, a copy of which is attached hereto as Exhibit A, and the territory within which assessments may be levied for the CaliforniaFIRST Program shall include all of the territory within the City’s official boundaries of record (the Proposed Boundaries); and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program; and

WHEREAS, pursuant to Government Code Section 6586.5, a notice of public hearing has been published once at least five days prior to the date hereof in a newspaper of general circulation in the City and a public hearing has been duly conducted by this City Council concerning the significant public benefits of the CaliforniaFIRST Program and the financing of the Improvements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista as follows:

Section 1. On the date hereof, the City Council held a public hearing and the City Council hereby finds and declares that the issuance of bonds by California Communities in connection with the CaliforniaFIRST Program will provide significant public benefits, including without limitation, savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs and reductions in effective user charges levied by water and electricity providers within the boundaries of the City.

Section 2. In connection with the CaliforniaFIRST Program, the City hereby consents to the conduct of special assessment proceedings by California Communities pursuant to Chapter 29 on any property within the Proposed Boundaries and the issuance of Bonds under the 1915 Act; provided, that

(1) Such proceedings are conducted pursuant to one or more Resolutions of Intention in substantially the form of the ROI.

(2) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments.
(3) The City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program.

(4) The issuance of Bonds will occur following receipt of a final judgment in a validation action filed by California Communities pursuant to Code of Civil Procedure Section 860 that the Bonds are legal obligations of California Communities.

Section 3. Pursuant to the requirements of Chapter 29, California Communities has prepared and will update from time to time the “Program Report” for the CaliforniaFIRST Program (the Program Report), and California Communities will undertake assessment proceedings and the financing of Improvements as set forth in the Program Report.

Section 4. The designated officials and staff of the City are hereby authorized and directed to make applications for the CaliforniaFIRST program available to all property owners who wish to finance Improvements; provided, that California Communities shall be responsible for providing such applications and related materials at its own expense. The City Manager and his or her designee are further authorized and directed to execute all documents in conjunction with participating in the CaliforniaFIRST program. The following staff persons, together with any other staff persons chosen by the City Manager from time to time, are hereby designated as the contact persons for California Communities in connection with the CaliforniaFIRST Program: the Conservation & Environmental Services Director and the Environmental Resource Manager.

Section 5. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by California Communities in accordance with the Program Report to implement the CaliforniaFIRST Program for Participating Property Owners.

Section 6. The appropriate officials and staff of the City are hereby authorized and directed to pay California Communities a fee in an amount not to exceed $20,000, which California Communities will use to pay for the costs of implementing the CaliforniaFIRST Program in the City, including the payment of legal costs incurred in connection with judicial validation of the CaliforniaFIRST Program. The appropriate officials and staff of the City and/or the City’s collaborative partners are hereby further authorized to acquire grant funding, if available and awarded to the City and/or its collaborative partners, and to expend such grant funding to pay the City’s costs referenced in this section.

Section 7. The City Council hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution involves the creation of funding mechanisms or other government fiscal activities which do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, within the meaning of Title 14, California Code of Regulations, Section 15378(b)(4).
Section 8. This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of California Communities.

Presented by

Michael T. Meacham
Director of Conservation and Environmental Services

Approved as to form by

Bart C. Miesfeld
City Attorney

PASSED, APPROVED, and ADOPTED by the City Council of the City of Chula Vista, California, this 5th day of January 2010 by the following vote:

AYES: Councilmembers: Bensoussan, Castaneda, Ramirez, Thompson and Cox

NAYS: Councilmembers: None

ABSENT: Councilmembers: None

ATTEST:

Cheryl Cox, Mayor

Donna R. Norris, CMC, City Clerk

STATE OF CALIFORNIA )
COUNTY OF SAN DIEGO )
CITY OF CHULA VISTA )

I, Donna R. Norris, City Clerk of Chula Vista, California, do hereby certify that the foregoing Resolution No. 2010-005 was duly passed, approved, and adopted by the City Council at a regular meeting of the Chula Vista City Council held on the 5th day of January 2010.

Executed this 5th day of January 2010.

Donna R. Norris, CMC, City Clerk
EXHIBIT A

FORM OF RESOLUTION DECLARING INTENTION
TO FINANCE INSTALLATION OF
DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES,
ENERGY EFFICIENCY AND WATER EFFICIENCY IMPROVEMENTS

COUNTY OF ____________

WHEREAS, the California Statewide Communities Development Authority (California Communities) is authorized under the authority granted California Communities pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California (Chapter 29) to authorize assessments to finance the installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements that are permanently fixed to real property (Authorized Improvements); and

WHEREAS, Chapter 29 authorizes California Communities to enter into contractual assessments to finance the installation of Authorized Improvements in the County of ___ (the County); and

WHEREAS, California Communities wishes to declare its intention to establish a CaliforniaFIRST program (the CaliforniaFIRST Program) in the County, pursuant to which California Communities, subject to certain conditions set forth below, would enter into contractual assessments to finance the installation of Authorized Improvements in the County.

NOW, THEREFORE, BE IT RESOLVED by the California Statewide Communities Development Authority, as follows:

Section 1. Findings. California Communities hereby finds and declares the following:

(a) The above recitals are true and correct.

(b) Energy conservation efforts, including the promotion of energy-related Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of global climate change and the reduction of greenhouse gas emissions in the County.

(c) Water conservation efforts, including the promotion of water-related Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of chronic water shortages in California.

(d) The upfront cost of making residential, commercial, industrial, or other real property more energy and water efficient, along with the fact that most commercial loans for that purpose are due on the sale of the property, prevents many property owners from installing Authorized Improvements.
(e) A public purpose will be served by establishing a contractual assessment program, to be known as the CaliforniaFIRST Program, pursuant to which California Communities will finance the installation of Authorized Improvements to residential, commercial, industrial, or other real property in the County.

Section 2. Determination of Public Interest. California Communities hereby determines that (a) it would be convenient, advantageous, and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of the County, within which California Communities and property owners within the County may enter into contractual assessments to finance the installation of Authorized Improvements pursuant to Chapter 29 and (b) it is in the public interest for California Communities to finance the installation of Authorized Improvements in the County pursuant to Chapter 29.

Section 3. Identification of Authorized Improvements. California Communities hereby declares that it proposes to make contractual assessment financing available to property owners to finance installation of Authorized Improvements, including but not limited to those improvements detailed in the Report described in Section 8 below, as that Report may be amended from time to time.

Section 4. Identification of Boundaries. Contractual assessments may be entered into by property owners located within the entire geographic territory of the County; provided, however, that California Communities shall not enter into contractual assessments to finance the installation of Authorized Improvements with the owner of any property in the County unless requested to do so first by the County if the property is located in unincorporated territory or a city if the property is located in incorporated territory and after such city or the County, as applicable, has held a public hearing pursuant to Section 6586.5 of the Government Code of the State of California. The form of resolution pursuant to which cities may request California Communities to enter into contractual assessments to finance the installation of Authorized Improvements is attached as Exhibit A.

Section 5. Proposed Financing Arrangements. Under Chapter 29, California Communities may issue bonds pursuant to Chapter 29 that are payable by contractual assessments and California Communities may advance its own funds to finance work to be repaid through contractual assessments, and may from time to time sell bonds to reimburse itself for such advances. Division 10 (commencing with Section 8500) of the Streets & Highways Code of the State (the “Improvement Bond Act of 1915”) shall apply to any bonds issued pursuant to Chapter 29, insofar as the Improvement Bond Act of 1915 is not in conflict with Chapter 29.

California Communities shall determine the creditworthiness of a property owner to participate in the financing of Authorized Improvements based on the criteria developed by the Program Manager in consultation with the CaliforniaFIRST Program financing team and on file with the Secretary.
In connection with bonds issued under the Improvement Bond Act of 1915 that are payable from contractual assessments, serial and/or term improvement bonds shall be issued in such series and shall mature in such principal amounts and at such times (not to exceed 20 years from the second day of September next following their date) and at such rate or rates of interest (not to exceed the maximum rate permitted by applicable law) as shall be determined by California Communities at the time of the issuance and sale of the bonds. The provisions of Part 11.1 of the Improvement Bond Act of 1915 shall apply to the calling of the bonds. It is the intention of California Communities to create a special reserve fund for the bonds under Part 16 of the Improvement Bond Act of 1915. California Communities will not advance available surplus funds from its treasury to cure any deficiency in the redemption fund to be created with respect to the bonds; provided, however, that this determination shall not prevent California Communities from, in its sole discretion, so advancing funds. The bonds may be refunded under Division 11.5 of the California Streets and Highways Code or other applicable laws permitting refunding of the bonds, upon the conditions specified by and at the determination of California Communities.

California Communities hereby authorizes the Program Manager, upon consultation with bond counsel and the CaliforniaFIRST Program underwriter, to provide for the issuance of bonds payable from contractual assessments.

In connection with the issuance of bonds payable from contractual assessments, California Communities expects to obligate itself, through a covenant with the owners of the bonds, to exercise its foreclosure rights with respect to delinquent contractual assessment installments under specified circumstances.

Section 6. Public Hearing. Pursuant to the Act, California Communities hereby orders that a public hearing be held before this Commission, at , on , 2010 at a.m., for the purposes of allowing interested persons to object to or inquire about the proposed program or any of its particulars. The public hearing may be continued from time to time as determined by the Commission for a time not exceeding a total of 180 days.

At the time of the hearing, the Report described in Section 8 below shall be summarized and the Commission shall afford all persons who are present an opportunity to comment upon, object to, or present evidence with regard to the proposed contractual assessment program, the extent of the area proposed to be included within the program, the terms and conditions of the draft Contract described in Section 8 below, or the proposed financing provisions. Following the public hearing, California Communities may adopt a resolution confirming the Report (the Resolution Confirming Report) or may direct the Report’s modification in any respect, or may abandon the proceedings.

The Commission hereby orders the Secretary to publish a notice of public hearing once a week for two successive weeks. Two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice will commence upon the first day of publication and terminate at the end of the fourteenth day. The first publication shall occur not later than 20 days before the date of the public hearing.
Section 7. Notice to Water and Electric Providers. Pursuant to Section 5898.24 of the Streets & Highways Code, the Commission hereby orders the Secretary to provide written notice of the proposed contractual assessment program within the County to all water and electric providers within the boundaries of the County not less than 60 days prior to adoption of the Resolution Confirming Report.

Section 8. Report. The Commission hereby directs the Program Manager for the CaliforniaFIRST Program to prepare and file with the Commission a report (the Report) at or before the time of the public hearing described in Section 6 above containing all of the following:

(a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered, as set forth in Section 4 above.

(b) A draft contract (the Contract) specifying the terms and conditions that would be agreed to by California Communities and a property owner within the County. The Contract may allow property owners to purchase directly the related equipment and materials for the installation of the Authorized Improvements and to contract directly for the installation of such Authorized Improvements.

(c) A statement of California Communities’ policies concerning contractual assessments including all of the following:

(1) Identification of types of Authorized Improvements that may be financed through the use of contractual assessments.

(2) Identification of California Communities official authorized to enter into contractual assessments on behalf of California Communities.

(3) A maximum aggregate dollar amount of contractual assessments in the County.

(4) A method for setting requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.

(d) A plan for raising a capital amount required to pay for work performed pursuant to contractual assessments. The plan may include amounts to be advanced by California Communities through funds available to it from any source. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Section 5898.28 of Chapter 29. The plan shall include a statement of or method for determining the interest rate and time period during which contracting property owners would pay any assessment. The plan shall provide for any reserve fund or funds. The plan shall provide for the apportionment of all or any portion of the costs incidental to financing, administration, and collection of the contractual assessment program among the consenting property owners and California Communities.
(e) A report on the results of the consultations with the County Auditor-Controller described in Section 10 below concerning the additional fees, if any, that will be charged to California Communities for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property, and a plan for financing the payment of those fees.

Section 9. Nature of Assessments. Assessments levied pursuant to Chapter 29, and the interest and any penalties thereon, will constitute a lien against the lots and parcels of land on which they are made, until they are paid. Unless otherwise directed by California Communities, the assessments shall be collected in the same manner and at the same time as the general taxes of the County on real property are payable, and subject to the same penalties and remedies and lien priorities in the event of delinquency and default.

Section 10. Consultations with County Auditor-Controller. California Communities hereby directs the Program Manager to enter into consultations with the County Auditor-Controller in order to reach agreement on what additional fees, if any, will be charged to California Communities for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property.

Section 11. Preparation of Current Roll of Assessment. Pursuant to Section 5898.24(c), California Communities hereby designates the Program Manager (or his/her designee) as the responsible official for annually preparing the current roll of assessment obligations by assessor’s parcel number on property subject to a voluntary contractual assessment.

Section 12. Procedures for Responding to Inquiries. The Program Manager shall establish procedures to promptly respond to inquiries concerning current and future estimated liability for a voluntary contractual assessment.

Section 13. Professionals Appointed. California Communities hereby appoints Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel to California Communities in connection with the CaliforniaFIRST Program. The Commission hereby authorizes and directs an Authorized Signatory of California Communities (as determined from time to time by the Commission by separate resolution) to enter into appropriate agreements with such firm for its services to California Communities in connection with the matters addressed in this Resolution.

Section 14. Set-Up Fees. The County and various cities within the County have advanced fees to California Communities to pay for certain costs of establishing the CaliforniaFIRST Program, some or all of which represent State Energy Program (SEP) funds. The Program Manager is hereby authorized and directed to return to the County and cities, as applicable, any fees paid to California Communities by the County and cities, as applicable, that do not represent SEP funds and that California Communities does not use to pay for the costs of establishing the CaliforniaFIRST Program.

Section 15. Effective Date. This resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED by the California Statewide Communities Development Authority this _____, 2010.

I, the undersigned, the duly appointed, and qualified member of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on _________, 2010.

By: ________________________________
SAN DIEGO ASSOCIATION OF GOVERNMENTS
REGIONAL ENERGY WORKING GROUP

March 22, 2012

AGENDA ITEM NO.: 6

Action Requested: DISCUSSION/POSSIBLE ACTION

SANDAG INVOLVEMENT IN THE REVISED
SAN DIEGO GAS & ELECTRIC GENERAL RATE CASE APPLICATION

File Number 3200300

Introduction

At its February 10, 2012, meeting, the Regional Planning Committee (RPC) heard an overview of the Regional Energy Working Group (EWG) assessment and recommendations related to SANDAG involvement in the San Diego Gas & Electric (SDG&E) Application (A.) 11-10-002 for Phase 2 of its General Rate Case (GRC-2). The RPC held a robust discussion that included the following points:

- Dependent on the proposed rate changes in the revised GRC-2, there could be merit to SANDAG submitting a letter to the California Public Utilities Commission (CPUC) during the public participation hearings, as to the impacts to meeting regional energy goals.
- The EWG should review the revised GRC-2 when it becomes available and determine whether SANDAG should submit a letter in this proceeding and/or address solar subsidies and reaching regional energy goals when the issue is addressed in a statewide proceeding(s).

The RPC meeting summary provides additional points regarding the role of SANDAG in the rate case proceeding and is included as Attachment 1 to this report. Chair Downey will lead a discussion of the revised filing in relation to the Regional Energy Strategy (RES). A summary of RES highlights related to solar energy is included as Attachment 2. Background on the SDG&E application follows the discussion section of this report. The EWG should provide input and direction as to whether SANDAG should still submit a letter to the CPUC and SDG&E related to meeting regional energy goals.

Discussion

In the Assigned Commissioner’s Scoping Memo and Ruling (Scoping Ruling), the CPUC stated that the issue of grid impacts, costs, and benefits from solar customers did not belong in an individual utility rate case because these are statewide issues. The Scoping Ruling also stated that the CPUC may open a statewide proceeding on the subject. At previous EWG meetings, SDG&E similarly stated that network use and grid impacts from solar customers may be addressed through legislation or other state proceeding.

On February 17, 2012, SDG&E filed its revised GRC-2 without inclusion of the Network Use Charge (NUC). Based on staff review of the revised GRC-2, the revised application removes the significant rate increases originally proposed for residential solar customers. Regarding commercial and
industrial (C&I) customers (including public agencies), the revised GRC-2 includes increases, though not to the degree originally proposed, for C&I solar customers on the Distributed Generation-Renewable (DG-R) rate. Basically, DG-R customers will experience less cost-savings from their demand charge and further increased costs for the energy they import as compared to the standard AL-TOU schedule.

The RES includes a goal for customer solar PV of 844 megawatts (MW) by 2030. As of January 2012, customer solar PV equaled approximately 125MW. The net energy metering (NEM) cap for the SDG&E service territory is approximately 248MW. Based on discussions with the California Center for Sustainable Energy (CCSE) and SDG&E, staff estimates that the NEM cap will be met in the next two years. Continued participation on the San Diego Solar Stakeholder Collaboration group formed by SDG&E should better inform the region as to costs and benefits of solar energy. In turn, the cost-benefit study could be used by the EWG and regional stakeholders when statewide legislative and/or regulatory efforts get underway to address NEM and grid impacts of solar energy.

**Background on GRC-2**

On October 3, 2011, SDG&E filed A. 11-10-002 for the GRC-2 with the CPUC. On October 27, 2011, the Utility Consumers’ Action Network (UCAN) filed a Motion with the CPUC that included a request that the CPUC require SDG&E to resubmit its application without a proposed NUC for various reasons. The NUC was proposed to address electric grid use by solar customers.

In January 2012 SDG&E formed a voluntary stakeholder group to vet and discuss solar rates. SDG&E invited all parties to the CPUC Proceeding A.11-10-002, as well as additional local and statewide stakeholders, including a representative from the EWG. SANDAG Board Chair Jerome Stocks, Mayor of Encinitas, appointed EWG Chair Carrie Downey, City of Coronado Councilmember, to participate on the stakeholder group. On January 13, 2012, SDG&E held its first San Diego Solar Stakeholder Collaboration meeting to discuss the GRC-2 and NUC.

On January 18, 2012, the CPUC released its Scoping Ruling on the rate case stating that SDG&E must resubmit its GRC-2 proposal and testimony without the NUC by February 17, 2012. The CPUC also revised the timeline to address the GRC-2. The EWG Meeting Agenda for January 26, 2012, includes the Scoping Ruling and more background information as attachments. SDG&E submitted its revised GRC-2 to the CPUC on February 17, 2012. Staff has been reviewing the revised proposal.

**Next Steps**

Chair Downey and staff will continue to participate in SDG&E’s Solar Stakeholder Collaboration meetings and update the EWG on the group’s progress. The RPC also requested that the EWG review the revised SDG&E GRC-2 application and provide an updated recommendation as to whether the proposed rate changes for solar customers are consistent with the successful implementation of the RES. The RPC and Board of Directors are expected to address this item in May 2012. Public participation hearings are scheduled to begin in late June 2012.

Attachments: 1. Regional Planning Committee Discussion and Actions, Meeting of February 10, 2012 2. Regional Energy Strategy: Highlights Related to Solar

Key Staff Contact: Susan Freedman, (619) 699-7387, Susan.Freedman@sandag.org
The meeting of the Regional Planning Committee was called to order by Chair Jim Janney (South County) at 12:04 p.m. See the attached attendance sheet for Regional Planning Committee member attendance.

1. APPROVAL OF MEETING MINUTES (APPROVE)

Action: Upon a motion by Supervisor Pam Slater-Price (County of San Diego) and a second by Mayor Sam Abed, City of Escondido (North County Inland), the Regional Planning Committee (RPC) approved the minutes from the January 6, 2012, meeting.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

There were no public comments.

REPORTS

3. SANDAG INVOLVEMENT IN THE SAN DIEGO GAS & ELECTRIC GENERAL RATE CASE PHASE 2 PROCEEDING (INFORMATION/POSSIBLE ACTION)

In December 2011, the Executive Committee requested that the Regional Energy Working Group (EWG) provide an update to the RPC on the proposed San Diego Gas & Electric (SDG&E) solar rates and for the RPC to discuss possible SANDAG action. Subsequently, several events related to the solar rates have occurred. With this report, the RPC received an overview of the solar rate issues, status of SDG&E’s proposal, and possible next steps that SANDAG could consider.

Susan Freedman, Senior Regional Planner (SANDAG), presented the item, and responded to questions.

Chair Janney, City of Imperial Beach (South County), asked SANDAG staff if the RPC was required to take action today or whether the RPC could take action regarding SANDAG’s role in the SDG&E rate case at its March 2, 2012, meeting. Chair Janney expressed concern about rate changes that could negatively impact meeting regional solar goals, but reinforced SANDAG’s Energy Working Group as the appropriate group for further discussion.
Mayor Carl Hilliard, City of Del Mar (North County Coastal), outlined three choices for SANDAG involvement in the SDG&E rate case: take no action, submit a letter to the California Public Utilities Commission (CPUC), or intervene in the CPUC proceeding. He suggested intervening as the best option.

J.C. Thomas, representing SDG&E, spoke in support of the SDG&E proposal, and commented on the study currently being prepared on this item.

Mayor Pro Tem Jerry Jones, City of Lemon Grove (East County), stated that it would be difficult to reach consensus regarding whether SANDAG should become an intervenor and suggested that a network charge will be necessary at some point in the future. He also stated that there are other intervenors already addressing the potential impacts on solar at this time.

Supervisor Pam Slater-Price (County of San Diego) suggested that a statewide approach is necessary. She added that the County of San Diego is already an intervenor and stated that SANDAG is not well suited to be an intervenor because it represents many local governments and does not own properties with solar.

Mayor Sam Abed, Escondido (North County Inland), agreed that SANDAG should not intervene, but instead should continue to monitor this issue.

Marc Filanc, North County Transit District, suggested that a letter be written supporting other alternative forms of energy.

Action: This item was presented for information/possible action.

4. HEALTHY WORKS PASS-THROUGH GRANT PROGRAM (INFORMATION)

SANDAG’s Healthy Works Pass-Through Grant Program provided nearly $1 million to local jurisdictions, schools and school districts, tribal governments, and community-based organizations to promote health considerations in local plans, projects, programs, and policies. The Program has funded 23 projects in the San Diego region that range from General Plan Health Elements and Land Development Code Updates to Safe Routes to School Programs and Access to Healthy Food Projects. Five of the grantees provided a brief overview of their respective projects and major accomplishments. The Healthy Works Project was funded through a $373 million nationwide program of the U.S. Centers for Disease Control and Prevention (CDC) that promotes evidence-based strategies and programs to address rising chronic disease rates in the United States. The San Diego County Health and Human Services Agency (HHSA) received the largest grant in the county to address physical activity and access to healthy foods. HHSA has partnered with SANDAG to implement built environment-related projects. Healthy Works is funded through the American Recovery and Reinvestment Act of 2009.

Stephan Vance, Senior Regional Planner (SANDAG), introduced his team and responded to members’ questions.
Diem Do, Senior Project Coordinator, City of Chula Vista, provided information on the City of Chula Vista Healthy Works Grant that helped them incorporate health into their general plan update and bring fresh fruits and vegetables into neighborhood convenience stores.

Nancy Bragado, City of San Diego, provided a brief presentation on the City of San Diego’s Urban Agriculture Land Development Code Amendments.

Husam Hasenin, Principal Engineer, City of Vista, provided a brief presentation on the City of Vista Safe Routes to School Strategic Plan, and Grants Budget.

Mike Strong, Associate Planner, City of Encinitas, provided an update on the City of Encinitas General Plan Update Public Health Element.

Misty Thompson, Safe Routes to School Coordinator, City of La Mesa, spoke on the Healthy Works Program implemented in the City of La Mesa and the Middle School Student Volunteer Engagement Initiative.

**Action:** This item was presented for information only.

5. **UPCOMING MEETINGS (INFORMATION)**

   The next meeting of the Regional Planning Committee is scheduled for Friday, March 2, 2012.

6. **ADJOURNMENT**

   Chair Janney adjourned the meeting at 1:53 p.m.
CONFIRMED ATTENDANCE
REGIONAL PLANNING COMMITTEE MEETING
FEBRUARY 10, 2012
12 Noon to 2 p.m.

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# CONFIRMED ATTENDANCE

## REGIONAL PLANNING COMMITTEE MEETING

**FEBRUARY 10, 2012**

**12 Noon to 2 p.m.**

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02/24/2012 9:31 AM
REGIONAL ENERGY STRATEGY: Highlights related to Solar

RES Guiding Principles

Of the 12 Guiding Principles in the Regional Energy Strategy (RES), staff consider the following most relevant to this discussion. Guiding principles helped to identify a vision for the region that guides regional decision-making on energy-related items in response to key policy drivers and future projections. They also informed the development of goals and recommended actions for the RES.

**Sustainably Meet Future Energy Needs**
The region's energy needs are met while maintaining environmental quality by employing resources efficiently, diversifying our fuel mix, and utilizing supplies that minimize cost.

**Reduce Greenhouse Gas Emissions from Energy Use**
All levels of government are engaged in immediate and sustained cost-effective actions to reduce and mitigate greenhouse gas GHG emissions and to prepare for the serious impacts of climate change to public health, the environment, and the economy.

**Promote Education and Consensus-Building**
An open, transparent, and inclusive planning process including community and business stakeholders and education programs combine to increase public awareness and responsible energy decision-making in the region.

**Pursue Energy Reductions in Existing Residential and Commercial Buildings**
Net energy usage and costs from the region’s existing building stock are significantly reduced through targeted energy policies, programs, and financing options.

**Promote State Policy for Zero Net Energy Residential and Commercial Buildings**
Consistent with the policy direction of state agencies like the CPUC, aggressive strategies, including regulations and incentives, are employed to achieve zero net energy usage in new residential and commercial buildings and communities, and reduce energy usage in existing residential and commercial buildings and communities, through energy efficiency, clean distributed generation, and community planning efforts.

**RES DISTRIBUTED GENERATION (DG) GOAL**

Increase the total amount of clean DG (renewable and non-renewable) to reduce peak demand and diversify electricity resources in the San Diego region.

**Recommended Actions:**

- **DG-5.** Continue to monitor and support a feed-in-tariff or other policies that will facilitate increased, cost-effective installation of small-scale renewable energy systems like solar photovoltaics.

- **DG-6.** Identify local barriers to DG installations and provide supportable and applicable solutions across jurisdictions to reduce confusion for builders, contractors, and officials, about technologies, costs and benefits.
Net Energy Metering (NEM) text from the RES

“Net metering is another strategy to help increase customer-side distributed generation technologies, particularly PV. Customers who install an on-site renewable energy system can apply for Net metering, a special billing arrangement with the utility for electric customers who generate their own electricity. Net metering allows for the flow of electricity both to and from the customer – typically through a single, bi-directional meter. When a customer’s generation exceeds the customer’s use, electricity flows back to the grid and offsets electricity consumed at a different time. In effect, the customer uses excess generation to offset electricity that the customer otherwise would have to purchase at the utility’s full retail rate. Unlike the feed-in tariff, net metering does not involve long-term agreements or prevent the customer from taking advantage of incentives prohibited under the feed-in tariff. The customer’s electric meter tracks electricity generated by the renewable system versus electricity consumed, with the customer paying only for the net amount taken from the grid over a 12-month period.

California’s net-metering law requires investor-owned utilities like SDG&E to offer net metering to all customers for solar, wind, biogas-electric, and fuel cell systems up to 1 MW. Net excess generation (NEG) is carried forward to a customer’s next bill. Previous law granted NEG remaining at the end of each 12-month period accrue to the customer’s utility. Assembly Bill 920 (Huffman, Statutes of 2009) now gives customers the option of rolling over remaining NEG from month-to-month indefinitely or receiving financial compensation from the utility for their remaining NEG. Customers not electing either option will have their NEG granted to the utility at the end of the 12 month period without any compensation. The renewable energy credits (RECs) associated with the electricity produced and used on-site remain with the customer-generator. If, however, the customer chooses to receive financial compensation for the NEG remaining after a 12-month period, the utility will be granted the RECs associated with just the surplus they purchase. The utility can take credit for the surplus purchased under the RPS.”

RES PEAK DEMAND GOAL

Implement cost-effective steps and incentives to utilize demand response and energy efficiency measures to reduce peak demand.

Recommended Actions:
PD-4. Support fair and reasonable rate designs and incentives that encourage customers reduced electricity consumption during peak demand periods.
RES CLEAN ENERGY ECONOMY GOAL

The clean energy economy goal focused on apprenticeship and job placement mechanisms. The RES discussion under this goal included data on local job growth from clean energy.

Renewable Energy and Smart Grid Workers

Similar to construction, many workers in renewable energy also fall under the traditional job classifications of the construction trades. Increasing demand for energy efficiency and renewable energy systems can be expected to generate new employment opportunities for electricians, HVAC technicians, carpenters, inspectors and permitters, plumbers, roofers, laborers, and insulation workers, among others. Comprehensive home and commercial building programs also would increase demand for green building materials, and would stimulate associated manufacturing industries. Training and retraining of existing workers is integral to expanding the region’s clean energy sector. Table CEE-4 shows show the job creation potential of investments in clean energy industries.

<table>
<thead>
<tr>
<th>Table CEE-4: Clean Energy Investment and Resulting Job Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Investment</td>
</tr>
<tr>
<td>$1 million in renewable energy systems</td>
</tr>
<tr>
<td>$1 million in energy efficiency programs</td>
</tr>
<tr>
<td>1 direct manufacturing job</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Sources: Apollo Alliance Green Manufacturing Action Plan, 2009, Economic Policy Institute

Additional Relevant Components of the RES

Five broad strategies identified to implement RES Goals. Two relate to solar customers in the region:

- Support enabling legislation or policy changes from state or federal government
- Take early actions that set examples for residents and businesses

State policy drivers consistent with RES:

- California Global Warming Solutions Act of 2006 (Assembly Bill 32)
- California Solar Initiative
- Net Energy Metering Statute

SANDAG CLIMATE ACTION STRATEGY

Objective 9c. Local Governments Use Cleaner Energy Supplies and Reduce Energy Use

Local governments can lead by example by reducing their own energy use and using cleaner supplies like renewable energy and other distributed generation systems. It is easier to approach local businesses and residents about reducing greenhouse gas emissions if the local government has taken on this responsibility first. Reducing energy use also has direct and measurable benefits, including potential cost savings that could be applied to other projects.
## 2012 LEGISLATIVE PROGRAM

**Overarching Goal:** Pursue policy and legislative changes that enable SANDAG to better implement its adopted plans and programs.

### (A) SPONSOR

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
<th>PRIORITY</th>
<th>BOARD POSITION</th>
<th>T</th>
<th>R</th>
<th>P</th>
<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>Pursue SANDAG priorities for the next federal surface transportation reauthorization, including appropriate funding levels, goods movement/border funding programs, transit investment and reforms, process improvements, including streamlined environmental processes, climate change, nonmotorized transportation, and tribal transportation planning. (2007)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
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<td></td>
<td>Federal/State</td>
</tr>
<tr>
<td>2A</td>
<td>Pursue funding from the statewide infrastructure bond measures; participate in development of guidelines and other activities to maximize the availability and flexibility of funding for the San Diego region to support the Regional Transportation Plan (RTP) and the Regional Comprehensive Plan (RCP) implementation. (2006)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
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<tr>
<td>3A</td>
<td>Expand access to resources and technical tools that will enable SANDAG to implement the 2050 RTP and its Sustainable Communities Strategy. (2009)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
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<td>Federal/State</td>
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<tr>
<td>4A</td>
<td>Pursue FY 2013 federal funding to support SANDAG plans and programs. (2005)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal</td>
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<tr>
<td>5A</td>
<td>Pursue statutory authority for a subregional funding mechanism dedicated to public transit. (2009)</td>
<td>Highest</td>
<td>Sponsor</td>
<td></td>
<td></td>
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<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>6A</td>
<td>Pursue policy and/or legislative changes to enable the use of freeway shoulders as transit lanes on major corridors in the San Diego region. (2006)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
<td></td>
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<td></td>
<td>State</td>
</tr>
<tr>
<td>7A</td>
<td>Efforts to expand available methods of transportation project delivery, including design-build, design sequencing, construction manager/general contractor, and other alternative methods that expedite connectivity with state and federal systems. (2005, 2011)</td>
<td>High</td>
<td>Sponsor</td>
<td></td>
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<td>State</td>
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</tbody>
</table>

**Legend:** T: Transportation; R: Regional Planning; P: Public Safety; B: Borders
### (B) SUPPORT/OPPPOSE

<table>
<thead>
<tr>
<th>NO.</th>
<th>GENERAL DESCRIPTION OF GOAL</th>
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<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>Legislation that provides incentives to jurisdictions that provide opportunities for more housing, including affordable and transit-oriented developments, supports regional fair-share allocation of housing funds, and provides additional affordable housing funding with greater local/regional control. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>2B</td>
<td>Support policies and/or legislation implementing climate change plans and programs that are consistent with the RCP and RTP. (2007)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>3B</td>
<td>Efforts consistent with financial strategies adopted in the RTP such as, but not limited to, increase revenues for transportation and other related purposes through measures that would increase gas tax or equivalent revenue sources, bond measures, developer fees, and public/private partnerships, and maximize flexibility of federal and state funds. (2002, 2005)</td>
<td>Highest</td>
<td>TBD (based on activity)</td>
<td></td>
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<td>Federal/State/Local</td>
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<tr>
<td>5B</td>
<td>Legislation assisting in the development and implementation of the RCP, including dedicated ongoing funding source for regional blueprint planning and funding incentives for smart growth (mixed-use projects, transit-oriented development, walkable communities, etc.). (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>6B</td>
<td>Efforts to pursue resources to improve regional public safety voice and data communications and interoperability, including connectivity with state and federal systems. (2005)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td>Federal/State/Local</td>
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<tr>
<td>7B</td>
<td>Efforts to pursue funding at both the state and federal levels to improve public safety and security in the San Diego region through Automated Regional Justice Information System operations and enhancements, regional transportation system improvements, and activities related to regional emergency preparedness, prevention, and response to catastrophic events. (2003, 2005)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
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<tr>
<td>8B</td>
<td>Fiscal reform initiatives that enable regions to develop their own fiscal strategies and oppose unfunded mandates on local governments. Pursue initiatives that balance the fiscal influence that sales tax revenues have upon local land use decisions. (2002)</td>
<td>Highest</td>
<td>Support</td>
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<td>Federal/State/Local</td>
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<tr>
<td>9B</td>
<td>Lower the current two-thirds voter requirement for special purpose taxes, such as transportation and quality of life improvements, to a simple majority vote. (2002)</td>
<td>Highest</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>State</td>
</tr>
<tr>
<td>10B</td>
<td>Efforts assisting in the implementation of key environmental issues, including habitat conservation, planning, beach restoration and replenishment, and water quality-related issues. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
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<td>State/Local</td>
</tr>
<tr>
<td>11B</td>
<td>Mechanisms providing for the implementation of the RTP, including value pricing, managed lanes, high-occupancy toll lanes, the alleviation of current constraints on transponder technology, transit priority treatments, and other efforts that promote efficient use of highways and local roads. (2003)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>12B</td>
<td>Support energy-related legislation, programs, and policies that are consistent with the Regional Energy Strategy. (2002)</td>
<td>Higher</td>
<td>Support</td>
<td></td>
<td></td>
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**Legend** - T: Transportation; R: Regional Planning; P: Public Safety; B: Borders
### (B) SUPPORT/Oppose (continued)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>13B</td>
<td>Efforts to support funding opportunities and legislation that promote the implementation of effective and collaborative strategies and programs that maintain public safety and promote quality of life, including initiatives that address substance abuse and graffiti abatement, and reduce youth and gang violence. (2005, 2009)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>14B</td>
<td>Support legislation and/or policies that promote governmental efficiencies and cost savings. (2009)</td>
<td>High</td>
<td>Support</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>15B</td>
<td>Transit boards’ legislative programs where consistent with SANDAG policy. (2002)</td>
<td>High</td>
<td>Support</td>
<td></td>
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### (C) Monitor

<table>
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<th>B</th>
<th>JURISDICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1C</td>
<td>Proposals that limit the use of eminent domain for public infrastructure projects. (2005)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
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<td>Federal/State</td>
</tr>
<tr>
<td>2C</td>
<td>Legislation affecting solid waste, water supply, and storm water, support of funding opportunities to assist in these areas. (2003)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>State/Local</td>
</tr>
<tr>
<td>3C</td>
<td>Legislation relating to personnel matters, i.e., workers’ compensation, Public Employee Retirement Systems (PERS) benefits, and other labor related issues. (2003)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
<td></td>
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<td></td>
<td>Federal/State/Local</td>
</tr>
<tr>
<td>4C</td>
<td>Legislation requiring local agencies to implement new administrative compliance measures. (2005)</td>
<td>Lower</td>
<td>Monitor/Respond</td>
<td></td>
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<td>Federal/State</td>
</tr>
</tbody>
</table>
### Priority Early Actions from the RES

1. Pursue a comprehensive building retrofit program to improve efficiency and install renewable energy systems
2. Create financing programs to pay for projects and improvements that save energy
3. Utilize the SANDAG-SDG&E Local Government Partnership to help local governments identify opportunities and implement energy savings at government facilities and throughout their communities
4. Support land use and transportation planning strategies that reduce energy use and GHG emissions
5. Support planning of electric charging and alternative fueling infrastructure
6. Support use of existing unused reclaimed water to decrease the amount of energy needed to meet the water needs of the San Diego region

### Broad Strategies to Implement Multiple RES Goals

1. Identify, secure, or develop funding mechanisms to pay for energy-related projects and programs
2. Educate and engage the general public or other stakeholders
3. Support enabling legislation or policy changes from state or federal government
4. Take early actions that set examples for residents and businesses
5. Develop standardized approaches and programs that can be implemented by all member agencies