



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**COUNCIL SUSTAINABILITY  
COMMITTEE**

**SEPTEMBER 11, 2014**

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**CITY COUNCIL SUSTAINABILITY COMMITTEE MEETING**  
**Thursday, September 11, 2014**  
**Conference Room 2A**  
**4:30 – 6:30 PM**

**CALL TO ORDER**

**ROLL CALL**

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**PUBLIC COMMENTS:** *(The Public Comment section provides an opportunity to address the Council Sustainability Committee on items not listed on the agenda as well as items on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)*

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1. Approval of Minutes of July 16, 2014  
[Minutes](#)
  
2. Use of Artificial Turf  
[Staff Report](#)  
[Attachment I - Letter from St. Rose](#)  
[Attachment II - BAWSCA Artificial Turf Fact Sheet](#)
  
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7. Possible Reorganization of Council Sustainability Committee  
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8. Review of Meeting Topics  
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## COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

## ADJOURNMENT

NEXT MEETING — DECEMBER 11, 2014; 4:30 — 6:30PM

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*Materials related to an item on the agenda submitted to the Council Sustainability Committee after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4<sup>th</sup> Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website.*

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*Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the Assistant City Manager at (510) 583-4300 or TDD (510) 247-3340.*

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CITY HALL, 777 B STREET, HAYWARD, CA 94541  
[HTTP://WWW.HAYWARD-CA.GOV](http://www.hayward-ca.gov)



CITY COUNCIL SUSTAINABILITY COMMITTEE MEETING  
Hayward City Hall – Conference Room 2A  
777 B Street, Hayward, CA 94541-5007

July 16, 2014  
4:30 p.m. – 6:30 p.m.

**MEETING MINUTES**

**CALL TO ORDER:** Meeting called to order at 4:30 p.m. by Chair Al Mendall, Council Member.

**ROLL CALL:**

**Members:**

- Barbara Halliday, Mayor (Left at 5:58pm)
- Al Mendall, Council Member/CSC Chair
- Elisa Marquez, Planning Commissioner
- Vishal Trivedi, Planning Commissioner
- Laura Oliva, Keep Hayward Clean and Green Task Force/CSC Vice Chair
  
- Francisco Zermeño, City Council Member - excused
- Dianne McDermott, Planning Commissioner - absent

**Staff:**

- Kelly McAdoo, Assistant City Manager
- Alex Ameri, Director of Utilities & Environmental Services
- David Rizk, Development Services Director
- Erik Pearson, Environmental Services Manager
- Marilyn Mosher, Administrative Analyst III
- Corinne Ferreyra, Administrative Analyst II
- Abhishek Parikh, Senior Transportation Engineer
- Carol Lee, Administrative Secretary (Recorder)
- Tori Johnson, Senior Secretary (Recorder)

**Others:**

- Maggie Wenger, San Francisco Bay Conservation and Development Commission (BCDC)
- Wendy Goodfriend, San Francisco Bay Conservation and Development Commission (BCDC)
- Sarah Richmond, San Francisco Bay Conservation and Development Commission (BCDC)

**PUBLIC COMMENTS:**

None

1. Review of Minutes of May 7, 2014 – Minutes approved unanimously.

## 2. Update on Options to Address Sea Level Rise

Environmental Services Manager, Erik Pearson provided an update to the staff written report. Mr. Pearson stated that in the first paragraph, a sea level rise of 16” is projected by 2050 and up to 55" by 2100. Current best projections however are from a 2012 report from the National Research Council, stating the most likely value for 2050 is 11" (range from 5-24) and 2100 is most likely 36" (range from 17-66).

Mr. Pearson introduced Maggie Wenger, of San Francisco Bay Conservation and Development Commission (BCDC). Ms. Wenger presented an overview of sea level rise and discussed the local impact to the City of Hayward, including potential harm to marshland, local parks, bridges, closed landfills, the wastewater treatment facility, the Bay Trail, and other vulnerable regional assets.

Ms. Wenger stated that the Hayward Resilience Study group has put forth four visions that were evaluated for feasibility, economic benefits, social benefits, environmental improvements, organizational capacity and sustainability. They include 1) Business as Usual; 2) Traditional Levees; 3) Horizontal Levees, and 4) Room for the Bay. She addressed key outcomes, economic and fiscal impacts. The Hayward Resilience Study working group will have its final meeting on July 31, 2014.

Mayor Halliday asked how a horizontal levee differs from the vision of Room for the Bay. Ms. Wenger pointed out the oxidation ponds on a map, suggesting building the levee at that location, since it is healthy marshland and would not be ideal for development. She presented the idea of building up the area between the low tide and high tide line to allow the marsh to migrate inland, avoiding the adverse effects of sea level rise.

Mayor Halliday sought the opinion of Director Ameri regarding the current East Bay Dischargers Authority treated flow transmission system and a possible future system of decentralized discharge into the Bay. In response, Mr. Ameri explained that the current infrastructure was built 30 years ago and designed to last 50 years. He explained that the current system was designed with the limitations of secondary treatment, requiring discharge seven miles north into deep waters of the Bay. He further explained that future plans may utilize tertiary treatment at each of the four member agencies' treatment plants allowing Hayward to discharge treated water near-shore. Mr. Ameri noted that Palo Alto and other agencies already have such capabilities. He added that the current pipeline is in bay mud, making it vulnerable to sea level rise, and future designs will account for these changes.

Planning Commissioner, Elisa Marquez, referencing the report, asked for clarification around the strategy of adding natural waters into the marsh for increasing vegetation. Mr. Pearson responded that, should Hayward transition to near-shore discharge, fresh water would be added to the marshes, which would allow more vegetation to grow. In addition, Mr. Ameri explained that the “freshwater” in the report refers to treated wastewater that did not contain salt, not drinking water for consumption. Ms. Marquez thanked both for the clarification, as she was concerned about discharging fresh drinking water into the marshland in light of current efforts to conserve.

Planning Commissioner, Vishal Trivedi, expressed his interest in the potential of the idea of a horizontal levee. He expressed his concern that the study appeared regional and isolated. He communicated his desire to see a more comprehensive study involving the surrounding cities. Ms. Wenger agreed and noted that several agencies across the East Bay are addressing the issue. Mr. Trivedi further inquired about steps that may “buy us some time.” Ms. Wenger encouraged the Committee to maintain current best practices, complete timely repairs, and keep storm drains clear.

Council Member Mendall commended staff for actively participating in efforts to address sea level rise. Mr. Mendall expressed his disfavor for the vision, Room for the Bay, stating that it is not an option. Mr. Mendall suggested finding the protection line and investing our resources to defending it to the best of our ability. He also inquired about the necessity for salt marsh restoration efforts, given the inevitable consequences of sea level rise. Ms. Wenger offered several reasons to continue restoration efforts. Mr. Mendall responded by expressing the need to create a path for gradual migration for flora and wildlife. Furthermore, he thanked Mr. Trivedi for his input, and expressed the importance for sea level rise to be addressed regionally in collaboration with organizations of influence.

Mr. Mendall noted that any project in response would be costly, advising that the organization with a structure in place would be favored should there be future federal funding.

Keep Hayward Clean and Green Task Force/CSC Vice Chair, Laura Oliva expressed that the horizontal levee appeared to be the best option for the City of Hayward, noting it addressed the natural habitat and utilized treated wastewater. Ms. Oliva asked if there was data pertaining to such levees or alternative solutions in similar areas worldwide. Sarah Richmond, San Francisco Bay Conservation and Development Commission (BCDC), responded that ramp levees are not new and that they do work but did not have a specific example to share.

Council Member Mendall closed by expressing his support for the horizontal levee but noted that the key would be to designate a “line” to defend against sea level rise.

### 3. Update on Water Supply Outlook and Water Conservation

Alex Ameri introduced Marilyn Moser, Administrative Analyst III, who presented an overview of the City’s water conservation program.

Ms. Mosher provided a water supply update, stating that San Francisco Public Utilities Commission (SFPUC) supplies the City of Hayward with all its potable water consumption. She added that in light of the Governor’s call for a 20% state-wide voluntary reduction in water use in January, SFPUC responded by asking its wholesale and retail customers to voluntarily reduce consumption by 10%. She noted that the City of Hayward had a long-standing and active commitment to water conservation; based on metered consumption through June 2014, Hayward has thus far met and exceeded its expected water use reductions.

She cautioned that the City would need to focus on the dry summer months ahead, making water conservation essential to reaching the City's water-use target.

Ms. Mosher continued by stating that the State Water Board has recently approved emergency water conservation regulations to ensure agencies and state residents increase water conservation, and that the City of Hayward has to set the example for its residents, businesses and institutions. Ms. Mosher provided examples of a variety of rebate programs and conservation fixtures the City provides to residents and businesses, including High Efficiency Toilet Rebates through the Bay Area Water Supply and Conservation Agency (BAWSCA), residential washing machine rebates, household fixtures, and pre-rinse spray valves. She mentioned that the City has implemented a conservation-orientated four tier water rate structure, discouraging high water usage while providing reasonable base usage rates.

Ms. Mosher added that Hayward also focuses on school programs and consumer education to further promote water conservation.

Planning Commissioner Marquez inquired if the Advanced Metering Infrastructure (AMI) for water could become a mobile application on handheld devices. Ms. Mosher responded that it would. Ms. Marquez also inquired as to how the City of Hayward responds to individuals identified to have high water usage. Ms. Mosher responded that the City responds with written correspondence. Ms. Marquez further asked about regulations on new buildings and specific businesses, for example gyms. Council Member Mendall noted that water conservation in new buildings is a State Building Code requirement.

Planning Commissioner Trivedi expressed his desire for rebates and water efficient fixtures to be more highly publicized, stating that it may increase utilization. Mr. Vishal asked how the City would implement current regulations on water usage in order to keep water usage below the "baseline," especially in the summer months. Mr. Ameri noted that volumetrically the City is doing a good job and is ahead of the amount that it is supposed to be cutting back, however, percentage-wise it has more reductions ahead. Mr. Trivedi inquired about water rates. Mr. Ameri explained how current water rates discourage water waste, emphasizing that a lot of thought is given to balancing water conservation and preserving basic landscaping in our neighborhoods. Mr. Trivedi mentioned the new rules from the State Water Board, released the day prior, asking how the City would respond. Ms. Mosher stated that the State gives the authority to enforce a \$500 criminal penalty for water waste. She further explained that the City's actions, in response to the regulation, are yet to be determined.

Mayor Halliday expressed the importance of keeping the public informed to avoid adverse reactions in response to the State Water Board's new rules. Ms. Halliday asked how the baseline was managed, noting that it did not seem fair to restrict individuals by a designated percentage if they had previously been conserving water. Ms. Mosher replied that the baseline is based on the projected amount the City was planning to purchase in correlation to a five year historical average.

Keep Hayward Clean and Green Task Force/CSC Vice Chair, Oliva mentioned that Silver Star Veterans Park was not watering the lawn but she could still see patches of green and suggested that it was a good opportunity for Hayward Area Recreation & Park District

(H.A.R.D) to check for leaks. She noted that the areas where there were green patches of grass may correlate with potential leaks. Ms. Oliva also inquired if City Hall had water conserving fixtures, Staff responded in affirmation.

Council Member Mendall suggested that water rates should increase if the drought continues, noting that the City may currently be subsidizing some water costs. He suggested the City stop subsidizing the rate in times of drought, especially in the higher tiers. Mr. Mendall also proposed that an increased incentive for lawn replacement from a \$750 rebate to a \$1000 rebate, suggesting it would encourage participation. Mr. Mendall continued by mentioning recycled water, suggesting possible regional funding through BAWSCA toward such efforts and advised staff to seek funding in order to expand the efforts and reduce water consumption, allowing other agencies to buy the City's excess water. Mr. Ameri confirmed plans to develop a recycled water project, with \$12 million in the Capital Improvement Project (CIP) to implement one. Mr. Ameri stated that currently environmental studies are being conducted. A water distribution system will need to be constructed and noted that the City is ahead of many other agencies. Mr. Mendall stated that there may be potential funding through BAWSCA to aid in such research and requested that staff look into the matter. Mr. Mendall suggested adding an application on ACCESS HAYWARD to report water wasting. He encouraged the staff to continue to address this item and encouraged revisiting the issue in upcoming meetings.

#### 4. Update on Commuter Benefits Program

Senior Transportation Engineer Abhishek Parikh presented a report on the Bay Area Commuter Benefits Program. He indicated that the program requires Bay Area employers with 50 or more full-time employees to offer commuter benefits to their employees. Mr. Parikh reviewed four options that employers could offer: pre-tax benefit, employer-provided subsidy, employer-provided transit, and alternative commuter benefit. He mentioned that the City recently re-established eflexTRANSIT, a similar program allowing pre-tax withdrawal of taxable income for the purpose of purchasing public transit tickets or passes, noting that twelve City employees currently utilize this benefit.

Ms. Oliva suggested emphasizing the program through outreach and show monetary savings to drive interest. Mr. Parikh responded that the City sends notifications, and holds webinars and workshops to inform employees.

Ms. Marquez inquired if there were any additional incentives. Mr. Parikh replied not at this time, explaining the City just started this program in March 2014, and agreed that incentives would increase participation. Ms. Marquez suggested lunch meetings to inform and register more employees to participate. She asked how many employees worked in City Hall. Mr. Ameri responded that around three hundred employees work at City Hall. Ms. Marquez further suggested collaborating with local business to support such events. Mr. Trivedi noted that there were likely more than twelve employees that utilize BART and public transportation, and added that increased awareness would benefit City employees.

Council Member Mendall commented that the City must either figure out a way to increase interest or perhaps offer an alternative. Mr. Mendall noted that potentially eliminating free

parking for City employees may encourage participation. He closed by asking staff to try various means to increase participation before bringing the issue back to the Committee.

#### 5. Briefing on City Participation in 2014 Earth Day Activities

Administrative Analyst II Corinne Ferreyra presented a report on 2014 Earth Day Activities. She reviewed four past events in connection with Earth Day 2014, including the Earth Day Rotunda Display, Chabot's "Return of the Swallows Festival," Bring Your Child to Work Day and the City Wide Clean-Up Event. She noted the significance and success of each activity, highlighting the Clean-Up Event, in which two hundred attendees collected forty cubic yards of trash and fourteen cubic yards of recyclables. She mentioned a desire to update the Rotunda Display for 2015. Ms. Ferreyra reminded all that these activities were not merely Earth Day activities but an outreach opportunity as well.

Mr. Trivedi thanked Ms. Ferreyra and commended the efforts to uphold the City's values. Mr. Trivedi inquired if the City partners with local schools to educate the students on the issues. Ms. Mosher commented that the City works with schools to provide education on sustainability and promote water conservation. Mr. Trivedi asked if the City offered field trips for the students. Mr. Ameri replied that the Water Pollution Control Facility offers tours and has generated interest among visiting students.

Ms. Marquez commented that the Bring Your Child to Work Day had a great turnout. Ms. Ferreyra noted that the turnout was better compared to the year prior. Ms. Marquez commended the staff on the Poster and Essay Contest. She requested that greater care be taken to ensure that the students' names were correct, noting that she overheard some students discussing the issue. Mr. Ameri ensured that the spelling would be more carefully checked in future events.

Council Member Mendall stated that the Clean-Up Event was fun and he looks forward to next year's event.

#### 6. Suggested Sustainability Committee Quarterly Meeting Topics for 2014

Planning Commissioner, Marquez suggested adding a water update to future meetings. Council Member Mendall suggested revisiting water rates given the drought situation. Mr. Ameri explained the current structure, noting that evaluations are made every two years. Council Member Mendall replied that people will be motivated to conserve more if the rates were higher. Mr. Ameri responded that we have to be sensitive to the people, but reassured Mr. Mendall that he would keep his suggestion in mind.

Planning Commissioner, Trivedi inquired about the use of artificial turf topic. Mr. Ameri replied that the use of artificial turf varies, dependent on the location's property use, which would impact where it is encouraged or approved. He explained that in some cases, Bay Friendly Landscaping is a better option. Ms. Mosher explained that the current lawn replacement program does not cover the cost of artificial turf, which is consistent with other water agencies. Ms. Oliva suggested obtaining a report on the safety of artificial turf, to include immediate and long term effects, prior to allowing and or subsidizing use. Mr. Ameri explained that the more descriptive title of the topic would include developing limitations and boundaries

for allowing artificial turf. Mr. Mendall reiterated his suggestion to increase subsidizing for lawn replacement and asked for it to be addressed in this discussion. Ms. Marquez noted that St. Rose Hospital recently brought up the topic of artificial turf to the Planning Commission, and it caused concern. Mr. Ameri commented that there is turf area at the hospital and, instead of replacing it with artificial turf, recommended it be replaced with Bay Friendly Landscaping and native vegetation. Ms. Oliva was in agreement and added that there are publications on the healing benefits of gardens in hospital settings, including “Healing Gardens”.

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS:** None.

**ADJOURNMENT:** 6:32 p.m.

Attendance	Present 7.15.14 Meeting	Present to Date This Fiscal Year	<u>MEETINGS</u>	
			Excused to Date This Fiscal Year	Absent to Date This Fiscal Year
Al Mendall*	✓	1	0	0
Barbara Halliday	✓	1	0	0
Dianne McDermott	O	0	0	1
Elisa Marquez	✓	1	0	0
Francisco Zermeño	X	0	1	0
Laura Oliva**	✓	1	0	0
Vishal Trivedi	✓	1	0	0

✓ = Present    O = absent    X = excused

\* Chair

\*\* Vice Chair

**DATE:** September 11, 2014  
**TO:** City Council Sustainability Committee  
**FROM:** Director of Utilities & Environmental Services  
**SUBJECT:** Policy Direction on Use of Artificial Turf

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **BACKGROUND**

The use of artificial turf has increased in recent years as property owners or managers are looking for solutions with lower water use, low maintenance, and year-round usability. Staff has received several inquiries about the use of artificial turf and whether or not it is a recommended alternative to grass. Residents and businesses throughout the community are trying to do their part to conserve water and elimination of lawns is one of the things property owners can do to reduce water use. For many people, the look and feel of a green lawn is traditional and desirable. However, in recent years, water suppliers and water conservation advocates have been drawing attention to the fact that lawns were first used in Europe where they are appropriate for the climate and precipitation. In many cases, lawns are not appropriate for Mediterranean climates such as most areas in California.

On May 22, 2014, the Planning Commission received a letter from St. Rose Hospital (Attachment I) requesting permission to replace some of its lawn with synthetic grass. St. Rose is interested in installing artificial turf around two out-buildings. One is a 5,000 square foot area around a 6,000 square foot building and the second is a 3,000 square foot area around a 12,000 square foot building. The Planning Commission requested that the issue be considered by the Sustainability Committee. Staff seeks direction from the Committee, not only for St. Rose, but also to establish a City-wide policy for both residential and commercial properties.

Hayward's recently-adopted General Plan includes the following policies related to landscaping and, indirectly, the use of artificial turf:

*NR-6.14 Native and Drought-Tolerant Landscaping* – The City shall use native or drought-tolerant vegetation in the landscaping of all public facilities.

*NR-6.16 Landscape Ordinance Compliance* – The City shall continue to implement the Bay-Friendly Water Efficient Landscape Ordinance.

NR-6.6 Stormwater Management – The City shall promote stormwater management techniques that minimize surface water runoff and impervious ground surfaces in public and private developments, including requiring the use of Low-Impact Development (LID) techniques to best manage stormwater through conservation, onsite filtration, and water recycling.

HQL-7.1 Support Sustainability Practices – The City shall support sustainability practices that promote clean water, healthy soils, and healthy ecosystems.

PFS-5.4 Green Stormwater Infrastructure – The City shall encourage “green infrastructure” design and Low Impact Development (LID) techniques for stormwater facilities (i.e., using vegetation and soil to manage stormwater) to achieve multiple benefits (e.g., preserving and creating open space, improving runoff water quality).

## **DISCUSSION**

From a water-use perspective, Hayward has long recognized that large lawns are not sustainable. Beginning in 1990, City regulations limited lawn areas to not more than 50% of single family front yard landscaping. In 2009, the City adopted the current Bay-Friendly Water Efficient Landscape Ordinance<sup>1</sup>, which requires that “total irrigated areas specified as turf shall be limited to a maximum of 25% with recreational areas exempted.” While the General Plan policies listed above support the use of native and drought-tolerant vegetation and the policies may be interpreted to discourage the use of artificial turf, the policies do not explicitly address the issue. The City’s Municipal Code is silent on the use of artificial turf.

Artificial turf may be an appropriate solution in some cases; however, there are also important unfavorable aspects that should be considered. Following is a list of the pros and cons associated with the use of artificial turf.

### Pros

- Much reduced water use (but artificial turf still requires occasional cleaning)
- No fertilizer use
- No mowing and low maintenance
- Provides the look reminiscent of a lawn without regular watering and maintenance

### Cons

- Contributes to the heat island effect and can be hot to touch
- Does not store carbon
- Has a limited lifespan (10-20 years according to the Bay Area Water Supply and Conservation Agency)
- Not biodegradable
- No habitat for flora and fauna that live in the soil
- Needs occasional cleaning
- Requires soil compaction prior to installation
- May have negative health impacts

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<sup>1</sup> Requirement applies to new construction and rehabilitated landscapes with a landscape area of 2,500 square feet or more (HMC, Chapter 10, Article 12).

- Dog waste is very difficult to clean up and leaves odors. Staff has talked with local property managers who have had a difficult time maintaining artificial turf in public spaces. Maintenance staff often resort to cleaning by spraying large areas of the turf with water when the exact location of the waste is not known.

*BAWSCA Turf Removal Program* – The City of Hayward is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) and participates in the *Lawn Be Gone!* rebate program<sup>2</sup>. To be eligible for a rebate, participants must replace lawn with water-efficient plants from BAWSCA’s approved plant list. The program does not allow non-permeable hardscape, but does allow use of permeable hardscape, such as gravel or mortar-less brick or flagstone for up to 50 percent of the converted area. For many of the reasons noted above, installation of artificial turf is not eligible for a rebate in the BAWSCA lawn removal program. BAWSCA provides a fact sheet (Attachment II) listing the reasons why artificial turf is not included in the *Lawn Be Gone!* rebate program.

*Policies in Other Cities* – Several cities in California have prohibited artificial turf for the reasons noted above and some have prohibited use of artificial turf purely for aesthetic reasons. Staff was not able to find any such cities in the Bay Area. Cities that have prohibited artificial turf include the Cities of Cerritos<sup>3</sup>, Garden Grove, Stanton, La Palma, Orange and Santa Ana<sup>4</sup>. The cities of Thornton<sup>5</sup> and Glendale<sup>6</sup> do not allow artificial turf in front yards, but allow artificial turf in residential rear yards and side yards that are not viewable from the public right-of-way. In the City of Scottsdale Arizona, the use of artificial turf is “highly discouraged” and the City provides a fact sheet<sup>7</sup>, including a statement that artificial turf “requires replacement in 8 to 10 years.” It is possible that the use of artificial turf has been a bigger issue in the cities identified above due to more arid climates and more aggressive water conservation efforts.

*Potential Health Impacts* – Understanding of health impacts related to artificial turf is an evolving issue. Most artificial turf products use ground up tires or rubber crumbs that serve to help the individual grass strands stand up. In 2009, the City of Fremont commissioned a study analyzing artificial turf that had been recently installed on a public athletic field. The consultant tested for metals, VOCs, Semi-Volatile Organic Compounds (SVOCs), Poly-Chlorinated Biphenyls (PCBs) and other compounds identified as potential concerns. The consultant’s report concluded that the field was safe and did not identify cause for concern for human exposure or groundwater contamination from lead, other heavy metals, or petroleum products.

The BAWSCA fact sheet mentioned above cites a report that considers the potential human and environmental health impacts of artificial turf. The report, titled *Artificial Turf: Exposures to*

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<sup>2</sup> <http://bawasca.org/conservation/residential-water-conservation-programs/lawn-be-gone/>

<sup>3</sup> [http://www.cerritos.us/NEWS INFO/news\\_press\\_releases/2014/june/artificial\\_turf.php](http://www.cerritos.us/NEWS_INFO/news_press_releases/2014/june/artificial_turf.php)

<sup>4</sup> <http://articles.latimes.com/2008/aug/09/local/me-fakegrass9>

<sup>5</sup> <http://www.cityofthornton.net/Departments/CityManager/CityClerk/AgendasAndMinutes/CouncilMeetings/MeetingDocuments/2013/062513/9B.pdf>

<sup>6</sup> [https://library.municode.com/HTML/16369/level2/TIT30ZO\\_CH30.31LA.html](https://library.municode.com/HTML/16369/level2/TIT30ZO_CH30.31LA.html)

<sup>7</sup> <http://www.scottsdaleaz.gov/Assets/Public+Website/bldgresources/Artificial+Turf+Use+Policy.pdf>

*Ground Up Rubber Tires - Athletic Fields, Playgrounds, Garden Mulch*<sup>8</sup>, states that tire crumbs contain volatile organic hydrocarbons (VOCs) with carcinogenic potential.

## **ECONOMIC IMPACT**

Establishing a new City policy or ordinance that prohibits or discourages use of artificial turf may have a negative impact on local suppliers and contractors who install artificial turf.

## **FISCAL IMPACT**

Establishing a new City policy or ordinance would have a minor impact to the City's General and other funds. Some staff time would be needed to draft the policy or ordinance and present it to City Council. Additional staff time would be necessary to educate the community on the new requirements.

## **NEXT STEPS**

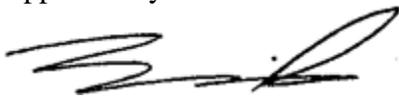
Staff is seeking direction from the Committee regarding next steps. The following options have been identified to help guide the Committee's discussion:

1. Continue to informally educate property owners and contractors regarding the pros and cons related to artificial turf.
2. Direct staff to prepare a fact sheet that discourages the use of artificial turf. Such a document would be similar to the BAWSCA fact sheet (Attachment II) and the one used by Scottsdale, Arizona.
3. Direct staff to do additional research to evaluate whether a prohibition of artificial turf should be incorporated into the Municipal Code. This would likely lead to a work session with the full Council, public outreach, and environmental review.

*Prepared by:* Erik Pearson, AICP, Environmental Services Manager  
Michelle Koo, RLA ASLA, Landscape Architect

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

Attachments:

- Attachment I Letter from St. Rose Hospital
- Attachment II Artificial Turf Fact Sheet

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<sup>8</sup> <http://www.ehhi.org/reports/turf/>

May 21, 2014

27200 Calaroga Avenue  
Hayward, CA 94545-4383510.264.4000  
www.srhca.orgCity of Hayward Planning Commission  
County Clerk  
777 B Street  
Hayward, CA 94541

05/22/14 12:25 CLK

To Whom It May Concern:

St. Rose Hospital is situated on a campus covering approximately 25 acres of land and uses just over 30,000 gallons of water each day. Roughly 30% or 10,000 gallons of this water is used for irrigation alone. With California facing one of the most severe droughts on record, St. Rose is requesting permission from the City Planning Commission to replace some of its lawn and ground with synthetic grass.

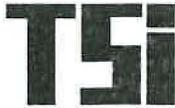
St. Rose understands the Commission's concerns with the use of synthetic grass, including the environmental impact on the soil once it is covered. In an effort to address those concerns, we have sourced a product that we feel is the best on the market, from an environmental, appearance and longevity prospective.

The GF-LIT-R-O/GF-LIT-R-ON synthetic grass drainage is similar to natural grass; it has perforated holes in the backing that allow water to drain into the blended rock base below the synthetic grass. Different blends of crushed rock are used for different applications, depending on the permeability needs. Not only is this product recyclable, but it eliminates the need for water as well as harmful chemicals that leach into the soil, such as fertilizers, pesticides, and weed killers. For more information on this product, a copy of the product's test report is attached for your reference.

Thank you in advance for your time and consideration in reviewing our request. Should you have any comments or questions, please feel free to call me at the number listed below.

Sincerely,

Kenneth Henkelman  
Director of Facilities  
St. Rose Hospital  
510-264-4005



**TESTING SERVICES, INC.**  
 817 SHOWALTER AVE. • P.O. BOX 2041  
 DALTON, GEORGIA 30722-2041  
 PHONE: (706) 226-1400 • FAX: (706) 226-6118



## TEST REPORT

<b>CLIENT:</b>	FieldTurf USA, Inc.	<b>REPORT NUMBER:</b>	55861C
	175 N. Industrial Blvd	<b>LAB TEST NUMBER:</b>	2458-2996-01
	Calhoun, GA 30701	<b>DATE:</b>	August 10, 2012

### Test Material:

<b>Turf Identification</b>	<b>Infill</b>
GF-LIT-R-O / GF-LIT-R-ON	2.0 lbs/ft <sup>2</sup> Silica Sand

### SUBJECT:

Testing Services Inc was instructed by the client to perform a procedure for measuring the critical radiant flux of horizontally mounted material described above exposed to a flaming ignition source in a graded radiant heat energy environment in a test chamber.

### SCOPE OF TEST:

This fire test standard is designed to provide a basis for estimating one aspect of the fire exposure behavior of a floor-covering system installed in a building corridor.

### TEST METHOD:

**ASTM E648: Standard Test Method for Critical Radiant Flux of Floor Covering Systems Using a Radiant Heat Energy Source**

### TEST INFORMATION:

Specimens of the sample were tested for critical radiant flux in accordance with ASTM Test Method E-648, NFPA 253 and FTM Standard 372. The value reported is the average of three specimens, reported as Critical Radiant Flux in units of watts per centimeter squared (W/cm<sup>2</sup>).

Mounting Board: Loose Lay in Metal Tray  
Conditioning: Minimum 96 hrs @ 70°F 50% RH

### CLASSIFICATIONS:

NFPA: Class I= 0.45 W/cm<sup>2</sup> or higher  
 Class II = 0.22 – 0.44 W/cm<sup>2</sup>  
 Non Classifiable= <0.21 W/cm<sup>2</sup>

### TEST DATA:

The above listed infill was installed prior to testing.

Specimen	Time	Distance	Critical Radiant Flux
#1	46 min	33.7 cm	0.60 W/cm <sup>2</sup>
#2	59 min	63.5 cm	0.21 W/cm <sup>2</sup>
#3	51 min	48.5 cm	0.36 W/cm <sup>2</sup>
Standard Deviation: 0.20			
Coefficient of Variation: 50.07%			

### TEST RESULTS:

<b>Average Critical Radiant Flux</b>	<b>NFPA Classification</b>
0.39 W/cm <sup>2</sup>	II

Approved By:

Digitally signed by Erle Miles, Jr. VP  
 DN: cn=Erle Miles, Jr. VP, o=Testing Services Inc, ou, email=tsioffice@windstream.net, c=US  
 Date: 2012.08.10 12:08:27 -04'00'

Erle Miles, Jr., VP  
 Testing Services Inc.

OUR LETTERS AND REPORTS APPLY ONLY TO THE SAMPLE TESTED AND ARE NOT NECESSARILY INDICATIVE OF THE QUALITIES OF APPARENTLY IDENTICAL OR SIMILAR PRODUCTS. THESE LETTERS AND REPORTS ARE FOR THE USE ONLY OF THE CLIENT TO WHOM THEY ARE ADDRESSED AND THEIR COMMUNICATION TO ANY OTHERS OR THE USE OF THE NAME TESTING SERVICES, Inc. MUST RECEIVE OUR PRIOR WRITTEN APPROVAL. THE REPORTS AND LETTERS, AND OUR NAME, OUR SEALS, OR OUR INSIGNIA ARE NOT UNDER ANY CIRCUMSTANCES TO BE USED IN ADVERTISING TO THE GENERAL PUBLIC.

VISIT OUR WEBSITE AT [www.tsiofdalton.com](http://www.tsiofdalton.com)

Page 2 of 2

# Artificial Turf

Through the Lawn Be Gone! Rebate Program, the Bay Area Water Supply & Conservation Agency is helping to promote water conservation while at the same time encouraging the installation of healthy, sustainable landscapes that will enhance our local environment. BAWSCA and its member agencies are not only responsible for safe, clean drinking water; we are also stewards of our entire watershed and have designed our program to go beyond simply saving water.

While artificial turf requires less water than a natural turf lawn, there are healthier and more ecologically sound alternatives that we would like to promote. For the following reasons, artificial turf is not included in our Lawn Be Gone! Rebate Program.

## Artificial turf is not a living landscape and does not:

- ✓ Increase biodiversity of plant, animal and insect populations;
- ✓ Provide habitat for local fauna;
- ✓ Foster healthy soils (healthy soils increase moisture holding capacity, support healthy microbes and insects, filter pollutants and improve water quality);
- ✓ Cool surrounding air temperatures (artificial turf can get significantly hotter than surrounding air temperatures, contributing to the heat island effect by increasing air temperatures in urban settings);
- ✓ Sequester carbon or produce oxygen like living plant material can

## Artificial turf is not water free

- ✓ For sanitation purposes, water is needed to periodically clean the turf. Chemicals may also be needed occasionally.
- ✓ Because artificial turf can get very hot in direct sunlight, water is sometimes needed to cool the turf before it can be used comfortably.



## Artificial turf has potential environmental concerns

- ✓ Runoff from artificial turf may contain pollutants like heavy metals and chemicals that can reach surface water or groundwater. Results may vary for different artificial turf products, but more scientific research is needed (See report from Environmental and Human Health, Inc: <http://www.ehhi.org/reports/turf/> and the Santa Clara Valley Water District's report on artificial turf fields at: <http://valleywater.org/Programs/conservationannualreports.aspx>).
- ✓ Artificial turf is a synthetic material with a relatively short lifespan ranging from 10-20 years that may eventually end up in landfills.

Fortunately, the **Lawn Be Gone! Rebate Program** allows many beautiful, low water using options that result in more sustainable and beneficial landscapes. For additional information about the Lawn Be Gone! Rebate Program, or to access the Water Wise Gardening Tool to plan your landscape conversion, please call BAWSCA at 650-349-3000 or visit <http://www.bawasca.org/>.

**DATE:** September 11, 2014  
**TO:** City Council Sustainability Committee  
**FROM:** Director of Utilities & Environmental Services  
**SUBJECT:** Overview of Bicycle Sharing Programs

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **BACKGROUND**

This report is presented in response to the Committee's interest regarding bicycle sharing, which was expressed during the October 2013 meeting. In addition, given that Bay Area Bike Share has been in operation for approximately one year, staff thought it may be appropriate to provide an update to the Committee at this time. Hayward's recently-adopted General Plan includes the following policies and implementation programs related to bicycle sharing. Policies and implementation programs that serve as actions to reduce greenhouse gas emissions are identified with a special symbol (☉):

*Policy M-1.2 Multimodal Choices* – The City shall promote development of an integrated, multi-modal transportation system that offers desirable choices among modes including pedestrian ways, public transportation, roadways, bikeways, rail, and aviation.

*Policy M-6.2 Encourage Bicycle Use* – The City shall encourage bicycle use in all neighborhoods, especially where short trips are most common.

*Policy M-7.1 Transit System* – The City shall support a connected transit system by improving connections between transit stops/stations and roadways, bikeways, and pedestrian facilities.

*Policy M-8.6 Car/Bike Sharing Programs* ☉ – The City shall assist businesses in developing and implementing car and bike sharing programs, and shall encourage large employers (e.g., colleges, Hayward Unified School District (HUSD)) and the BART stations to host car and bike sharing programs available to the public.

*Policy M-12.1 Federal and State Funding* – The City shall identify, develop, and prioritize transportation projects to compete for Federal and State funds for freeway, highway, transit, bicycle and pedestrian improvements.

Policy HQL-2.1 Physical Activity and the Built Environment – The City shall support new developments or infrastructure improvements in existing neighborhoods that enable people to drive less and walk, bike, or take public transit more.

Policy NR-2.10 Zero-Emission and Low-Emission Vehicle Use 🌍 – The City shall encourage the use of zero-emission vehicles, low-emission vehicles, bicycles and other non-motorized vehicles, and car-sharing programs by requiring sufficient and convenient infrastructure and parking facilities throughout the City.

Implementation Program M-17: City Employee Car/Bike Share Programs. 🌍 – The City shall conduct a study that explores the development of car-sharing and/or bike sharing programs for City employees. Based on findings from the study, the City shall prepare and submit recommendations to the City Council about establishing such programs. (Responsible Department(s): Public Works – Engineering and Transportation; Supporting Department(s)/ Partner(s): City Manager, Development Services, Public Works – Utilities and Environmental Services, Human Resources; Implementation Timeframe: 2020 – 2040).

## DISCUSSION

What is Bike Sharing? According to the Pedestrian and Bicycle Information Center<sup>1</sup>, which is funded by the Federal Highway Administration and housed within the University of North Carolina Highway Safety Research Center,

*“Bike sharing is an innovative transportation program, ideal for short distance point-to-point trips providing users the ability to pick up a bicycle at any self-serve bike-station and return it to any other bike station located within the system's service area. ...bike-sharing differs from traditional bicycle rental services in that it is typically used for short, spontaneous trips that are often combined with other transportation modes (e.g. transit).*

Bike sharing provides a convenient alternative to carrying a bike on public transportation and may also be useful for people who do not have safe place to lock or store a bike at work. Short trips are an important part of a successful bike sharing program. If users check out a bike to ride to work and keep the bike while at work, then that bike will be out of service, causing inefficiencies in the system. Most bike share programs charge a flat membership fee, which may be yearly, monthly or daily, and then trips under 30 minutes are free. Additional charges are incurred for trips exceeding 30 minutes. This rate structure helps keep the bikes available for other users.

History – The first bike sharing program was started in 1965, in Amsterdam with “White Bikes”<sup>2</sup>. Ordinary bikes, painted white, were provided for free public use, but the program was not sanctioned by the city. The program was short-lived as bikes were confiscated by police, thrown into canals or appropriated for private use. A similar program in Portland called the Yellow Bike Project, was launched in 1994, but suffered a similar fate<sup>3</sup>. The Austin Yellow Bike Project<sup>4</sup> began in 1997 and still operates an informal bike sharing program. However, most of the bikes have

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<sup>1</sup> [http://www.pedbikeinfo.org/programs/promote\\_bikeshare.cfm?bikeshare](http://www.pedbikeinfo.org/programs/promote_bikeshare.cfm?bikeshare)

<sup>2</sup> <http://www.nva.org.uk/past-projects/witte+feitsenplan+white+bike+plan-24/>

<sup>3</sup> <http://www.bicyclepaper.com/articles/109-The-Fate-of-the-Yellow-Bicycle>

<sup>4</sup> <http://austinyellowbike.org/>

disappeared and the organization now focuses on bike advocacy and education, including a free bike repair shops operated by volunteers. In 2008, Washington D.C. was the first large city to establish the type of bike sharing program that has become popular across the United States. The smallest bike share system started in 2011 in Spartanburg, South Carolina with two stations and 14 bikes. It has since grown to five stations. The largest system is in Hangzhou, China with 2,700 stations and 66,500 bikes.

*Essentials of a Bike Share Program* – According to *The Bike-Share Planning Guide*<sup>5</sup> produced by the Institute for Transportation and Development Policy (ITDP), the following parameters are necessary for a successful bike share program:

- A minimum system coverage area of 10 km<sup>2</sup> (approximately 4 square miles)
- At least 10 to 16 stations per km<sup>2</sup>
- 10 to 30 bikes for every 1,000 residents within the coverage area
- 2 to 2.5 docking spaces for every bike
- Each bike should be used four to eight times per day
- At least one daily trip per 20 to 40 residents

Assuming that a bike share program in Hayward would include Downtown, staff created the yellow polygon on the aerial photo (shown at right) to show that a four-square-mile area would include much more than just the Downtown core. Within the four-square-mile area depicted, there are approximately 37,500 residents, which would mean a goal of 938 to 1,875 trips per day. If Hayward were to apply the standard of 10 to 16 stations per square kilometer, the area in yellow would have 100 to 160 stations; however, only very large systems have such high density. New York, Paris, and Mexico City range from 10 to 15 stations per square kilometer. There are many successful programs in the United States with fewer stations. Washington D. C., Minneapolis, and Boston have two to four stations per square kilometer. Four stations per square kilometer would translate to approximately 40 stations in the above yellow polygon. Individual cities within Bay Area Bike Share have even lower density. Redwood City has seven stations, Palo Alto has five stations, and Mountain View has four stations.



According to a report titled *Bike Sharing in the United States: State of the Practice and Guide to Implementation*<sup>6</sup>, most bike share systems in the United States have three and one half to five bike share stations per square mile of service area and that bike share stations should generally be approximately one-half mile from each other.

<sup>5</sup> <https://go.itdp.org/display/live/The+Bike-Share+Planning+Guide>

<sup>7</sup> More Modes Less Traveled—Bicycling and Walking to Work in the United States: 2008–2012: <http://www.census.gov/prod/2014pubs/acs-25.pdf>

*Bay Area Bike Share* – Bay Area Bike Share is a pilot project of the Bay Area Air Quality Management District (Air District), the San Francisco Municipal Transportation Agency, Sam-Trans, Caltrain, the County of San Mateo, the San Mateo County Transportation Authority, the City of Redwood City and the Santa Clara Valley Transportation Authority. The program was launched in August 2013 in five cities along the Caltrain commuter rail corridor with 700 bikes and 70 stations in San Francisco, Redwood City, Palo Alto, Mountain View and San Jose. The initial phase of the pilot was estimated to cost approximately \$7 million with \$1.4 million in funding provided by the Air District, \$1.3 million from local agency partners and \$4.29 million from the Metropolitan Transportation Commission. After five months of operation, the program reported more than 250,000 miles traveled with approximately 100,000 rides, 3,400 annual members and more than 12,000 casual members.

When it was announced in February 2014 that the program would be expanded into additional communities, staff sent a letter to the Air District expressing interest in working with the District to host bike share stations in Hayward. The letter noted that Hayward’s Climate Action Plan calls for implementation of a bike sharing program. In April, it was announced that Bay Area Bike Share would expand into Oakland, Berkeley and Emeryville with another 300 bikes and 30 stations.

In October 2013, transportation consulting firm Fehr and Peers presented to the Metropolitan Transportation Commission a Ridership Forecasting Methodology for bike sharing. Variables considered in the model included housing density, population density, job density, diversity of land uses, and intersections per square mile. As shown in the map in Attachment I, Hayward was projected to have a relatively low number of rides per month. Also, the areas around Hayward’s two BART stations were projected to have fewer than 130 rides per month. In conversations with the Air District, staff was given the following suggestions to build a case for grant funding:

- Consider potential funding that the City can offer to support operations of the bike share program
- Establish good bicycling infrastructure (bike lanes, bike racks, etc.)
- Consider the City’s biking population (do we have a lot of bicyclists?)

*Census Commute Data* – As noted above, Air District staff indicated that cities with a large biking population are better suited for bike sharing. According to the U.S. Census Bureau (2008 – 2012 5-year American Community Survey)<sup>7</sup>, 0.3 percent of workers in Hayward commute by bicycle. Census Bureau data also show that throughout the United States, 0.6 percent of workers commute by bicycle, 2.8 percent walk to work, and 86.2 percent drive alone or carpool. While 0.6 percent is a very small portion of trips, the Census Bureau also states that “between 2000 and 2008–2012, the number of workers who traveled to work by bicycle increased by 60.8 percent, from about 488,000 in 2000 to about 786,000.” Rates of different commute modes vary significantly between communities and are influenced by city size, population density, job density, weather, age, race, sex, income, and other factors. The following table lists rates of bicycling to work for selected cities for the 2008 – 2012 period. As indicated below, Hayward has a relatively low percentage of workers who commute by bicycle.

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<sup>7</sup> More Modes Less Traveled—Bicycling and Walking to Work in the United States: 2008–2012: <http://www.census.gov/prod/2014pubs/acs-25.pdf>

City	Number of Workers	Percent Bicycled
Union City, CA	30,288	0.2
Hayward, CA	64,524	0.3
Fremont, CA	91,855	0.4
San Leandro, CA	39,828	0.5
<i>National Average</i>	-	<i>0.6</i>
San Jose, CA	442,728	0.9
Redwood City	38,423	1.7
Oakland, CA	178,694	2.4
Emeryville, CA	6,300	2.6
San Francisco, CA	439,726	3.4
Mountain View	41,047	4.2
Berkeley, CA	53,356	8.1
Palo Alto	30,222	8.5
Cities Outside Bay Area (for reference)		
Los Angeles, CA	3,685,786	0.8
Portland, OR	298,389	6.1
Davis, CA	30,589	18.6

It is important to note that the American Community Survey asks “How did this person usually get to work LAST WEEK? *If this person usually used more than one method of transportation during the trip, mark (X) the box of the one used for most of the distance.*” So, a commuter who rides BART and a bicycle to get to work, but travels more miles on BART, is not counted as a bicycle commuter.

*Cost to Establish and Operate a Bike Share Program* – There are dozens of bike share programs across the United States in various stages of development. Following is data from two feasibility studies and one operating bike share program.

In 2012, a feasibility study prepared for the Transportation Authority of Marin found that a one-year pilot with 30 bikes and one station would cost approximately \$265,000 for bikes and capital improvements. An additional \$540,000 would be needed to expand the program to 12 stations with 100 bikes during the second year. Operating costs for the first two years were estimated to be \$180,000 per year. The study estimated that total costs over a seven year period could be approximately \$4.2 million and that user fees might cover approximately 22 percent of the costs.

Also in 2012, the City of Santa Monica prepared a feasibility study and surveyed costs of existing bike share programs across the country. For capital costs, the report states an average cost per bike of \$4,580 and an average cost per station of \$38,307. Operating costs were found to be \$2,047 per bike and \$17,639 per station. On average, most bike share programs collect user fees to cover only 50 percent of the system’s operating costs.

In Minneapolis, Minnesota, the bicycle sharing program is operated by a nonprofit called Nice Ride Minnesota (NRMN). According to NRMN’s 2012-2013 Annual Report<sup>8</sup>, 2010 start-up costs (not

<sup>8</sup> Nice Ride Minnesota’s 2012 – 2013 Annual Report is available at <https://www.niceridemn.org/index.php>

including operational costs) totaled \$3.14 million for 65 stations and 700 bikes. Start-up costs were funded primarily by Blue Cross and Blue Shield of Minnesota and a grant from the Federal Highway Administration. In 2012, NRMN grew to 146 stations and 1,328 bikes and their operating expenses were \$980,656, of which approximately 62% was covered by user fees.

## **ECONOMIC IMPACT**

If a bike sharing program were implemented in Hayward, staff anticipates that economic impacts would be analyzed in a feasibility study during the planning process.

## **FISCAL IMPACT**

This report is for informational purposes only. If further consideration of a bike sharing program in Hayward is desired, staff would recommend preparation of a feasibility study, which may cost in the range of \$25,000 to \$50,000.

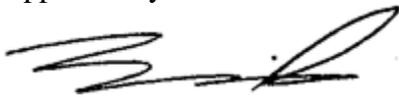
## **NEXT STEPS**

General Plan Implementation Program M-17 (City Employee Car/Bike Share Programs) calls for a study to be prepared in the 2020 – 2040 timeframe. Upon direction from the Committee, staff will pursue grant opportunities that may support such a study sooner than 2020.

*Prepared by:* Erik Pearson, AICP, Environmental Services Manager

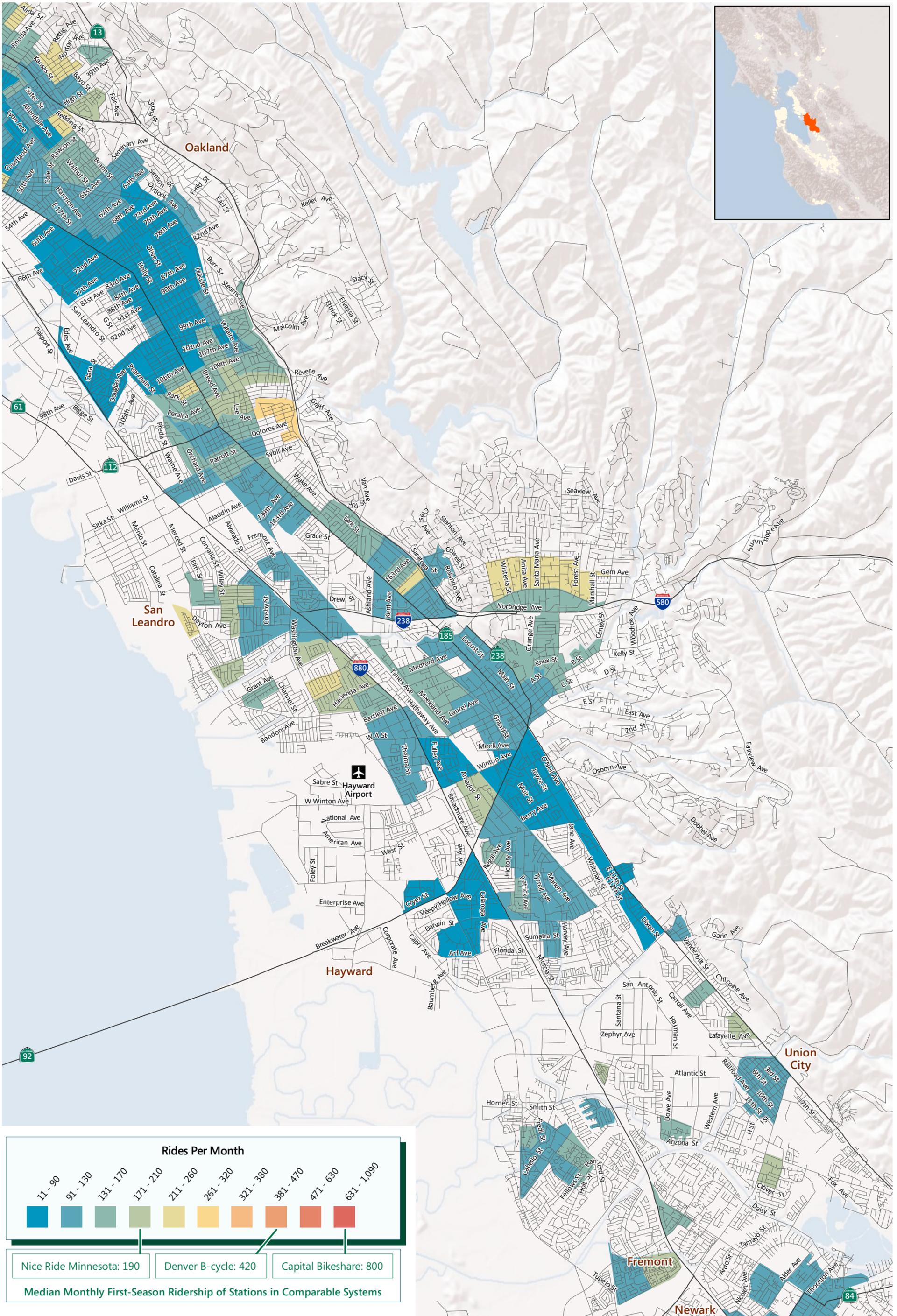
*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager



**DATE:** September 11, 2014

**TO:** City Council Sustainability Committee

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Update on Property Assessed Clean Energy (PACE)

### **RECOMMENDATION**

That the Committee reviews this report and recommends that the City Council approves resolutions to join the Figtree PACE Program, but restrict Figtree's authority to commercial properties only.

### **BACKGROUND**

The California Streets and Highways Code authorizes cities and counties to form assessment districts to finance certain public improvements. Money is borrowed to pay for the improvements and the debt is paid off by the district's property owners through annual installments on their property tax bill. Property Assessed Clean Energy (PACE) programs use these types of districts to finance energy and water improvements. California AB 811 (July 21, 2008) amended the Streets and Highways Code to include the installation of renewable energy sources and energy efficiency upgrades as allowable public improvements. California AB 474 (January 1, 2010) expanded AB 811 to also make water-efficiency improvements eligible for PACE financing.

When a governmental entity authorizes a PACE district, it must create a report that includes the boundaries of the district, eligible efficiency improvements, a method for prioritizing applications, and a plan for raising capital. PACE programs may use capital available from any source, including the sale of bonds. Participation in a PACE program is voluntary and only those property owners who wish to participate pay an assessment. If a property owner participating in a PACE program sells the property, then the repayment obligation legally transfers with the property to the next owner.

The intent of the PACE legislation is to provide an additional means of financing to make energy and water improvements more affordable and accessible to property owners. PACE financing allows property owners to finance 100% of the cost of eligible improvements and spread this cost over a longer period of time, usually up to twenty years.

Some local jurisdictions in California have created their own PACE districts and programs, and others have chosen to join a joint powers authority (JPA) that has established a PACE program. On

January 5, 2010<sup>1</sup>, the Hayward City Council voted to join the CaliforniaFIRST PACE Program, which is sponsored by the California Statewide Communities Development Authority JPA. CaliforniaFIRST launched its non-residential program in September 2012 with fourteen counties and more than 120 cities participating in California. To date, there have been eighty applications for projects totaling over \$43 million throughout California. Of these, sixteen are in Alameda County (totaling approximately \$13 million) and two (totaling approximately \$600,000) are in Hayward.

Currently, CaliforniaFIRST is the only PACE program that the City of Hayward has authorized. On January 29, 2014, the City Council Sustainability Committee considered the Figtree PACE Program<sup>2</sup> and recommended that the City Council approve the City's participation in the Program. Since that time, the residential PACE environment has evolved and staff has gained additional information about the Figtree program. The purpose of this report is to update the Committee and to provide further information about the benefits and risks associated with PACE financing, especially in the residential sector.

## **DISCUSSION**

### *Expansion of PACE Financing in the Residential Sector*

The primary development in PACE since January is the expansion of certain PACE programs into the residential sector, including CaliforniaFIRST. At the time of the January 29 Committee meeting, most PACE programs had put their residential activities on hold in response to opposition from the Federal Housing Finance Agency (FHFA). PACE assessments are designed to be senior to a mortgage, meaning that upon a foreclosure or forced sale, the assessment would be paid off prior to the mortgage. Because of this, the FHFA argued that PACE was too risky for lenders to support and, in July 2010, instructed Fannie Mae and Freddie Mac to stop underwriting mortgages for customers with PACE assessments. In addition, the Agency hinted at more drastic actions, such as finding PACE homeowners in default with their mortgages.

Since 2010, the State of California has made various attempts to influence the FHFA's position. The State filed a lawsuit against the FHFA, which ultimately failed in March 2013. In September 2013, Governor Brown signed Senate Bill 96 into law, creating a \$10 million loan-loss reserve to pay back lenders in case a homeowner defaulted. The reserve program was approved on March 10, 2014 by the California Office of Administrative Law and is currently accepting applications. In response, the FHFA wrote a letter to state officials on May 1, 2014 stating that the reserve fund did not sufficiently address the risks to lenders and that the Agency would not change its policy on PACE.

Despite the FHFA's firm stance, it has not taken enforcement action against participating jurisdictions or property owners. Furthermore, some residential programs have continued to operate over the past three years and have not experienced the increase in mortgage default rates that the Federal Agency feared. According to the advocacy organization PACENow, research in California found that three PACE programs with a total of around 3,000 homes had a default rate of less than one percent.

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<sup>1</sup> <http://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/rp/2010/rp010510-07.pdf>

<sup>2</sup> See Item #4: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC012914full.pdf>

These factors have encouraged residential PACE programs in California and elsewhere to restart activities. CaliforniaFIRST re-launched its residential program<sup>3</sup> in August 2014. Because the City Council previously authorized CaliforniaFIRST to operate in Hayward, this program is now available to Hayward homeowners. Also, Figtree is planning to launch a residential program later in early 2015.

### *Benefits and Risks of Opening the Market of PACE Financing*

There are now thirty-one states that have passed legislation supporting PACE financing, thirteen of which have active programs. Of these thirteen, only seven have more than one PACE program operating in the state. California is leading the way, with approximately ten active programs. As the number of programs grows, this has sparked a discussion about the merits of authorizing multiple PACE programs to operate in a single jurisdiction. Some advocacy groups, including PACENow, support an “open market” for PACE providers, claiming that competition helps build a stronger PACE industry landscape and provides property owners more choices.

A handful of cities have recently adopted this approach. However, the presence of multiple PACE programs operating in the same market is a relatively new occurrence and there is little data available to support claims of benefits. San Jose, which had previously approved CaliforniaFIRST, approved the HERO Financing and Figtree PACE Financing programs in December 2013. HERO (Home Energy Renovation Opportunity) launched in December 2011 for residential properties and December 2012 for commercial properties. It is sponsored by the Western Riverside Council of Governments, and has since expanded to be available throughout California. Figtree Financing is a San Diego-based clean energy financing company. The Figtree PACE program, founded in 2011, is sponsored by the California Enterprise Development Authority (CEDA). It currently only serves commercial properties. .

JPA-sponsored PACE programs like CaliforniaFIRST and Figtree generally offer little risk to local jurisdictions. The JPAs offering these programs assume the legal liability, providing legal protection to the City. Any bonds issued to finance projects are issued by the JPA, so the City has no obligation to the bonds.

However, as with most financing mechanisms, PACE programs can present risks to consumers. With enough information, savvy property owners should be able to assess if PACE financing is a wise long-term investment for their particular circumstance. However, as we saw with the 2008 mortgage crisis, property owners don’t always have the knowledge needed to make well-informed financing decisions. This is especially a concern in the residential market.

A question for the Committee to consider is to what extent does the City have a responsibility to vet PACE providers and monitor them on an ongoing basis? Monitoring additional PACE programs will take additional staff time.

The PACE model differs from other types of government assessment districts, such as lighting or fire districts, because it is optional for each individual property owner. This raises a potential

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<sup>3</sup> <https://californiafirst.org/>

concern that some PACE providers will use aggressive marketing tactics to convince property owners to use their product when it may not be in the owner's best long-term interest. PACE programs claim that property owners with a PACE assessment should save money in the long-run through efficiency upgrades. However, if administered inappropriately, property owners could end up owing more than they save.

PACE financing presents further complications for homeowners with Fannie Mae and Freddie Mac mortgages. It's not illegal for these homeowners to participate in the program, but they may be required to pay off the loan first if they want to sell their home or refinance their mortgage. The Sonoma County Energy Independence Program, which has been providing PACE financing for residential properties since 2009, has found that many homeowners are able to carry their PACE lien through a refinance, but only some have been able to do so when they sell their home. It is important that these homeowners understand these implications before entering into a PACE assessment.

### Figtree Financing

At its January 29 meeting, the Sustainability Committee considered the Figtree PACE Program and recommended that the City Council approve the City's participation in the Program, which would make it the second PACE Program authorized to operate in Hayward. While preparing to present the program to Council, staff reviewed Figtree's 107-page Program Report, which Council would need to adopt to join the Program. This review raised some concerns for the Committee to consider.

The primary concern related to the Figtree Program is their use of accelerated foreclosure, which gives property owners less time to remedy a default. Accelerated foreclosure is authorized by state law. It allows the program to recover delinquent assessments in a faster timeframe than the regular foreclosure process. Regular foreclosures usually take a few years, whereas accelerated foreclosures can take less than a year. Property owners receive a notice of default after their second missed payment, and the foreclosure sale can occur approximately eight months after the notice.

In contrast to Figtree, CaliforniaFIRST uses judicial foreclosure as their means of recovering delinquent assessments. Judicial foreclosure generally provides more protection for the property owner because it requires the lender to file a lawsuit and involves a judge.

Accelerated foreclosure will become a greater concern when Figtree expands its services to include residential properties. As a group, commercial property owners are considered to be generally savvier than residential owners about financing decisions because it is part of their job. Currently, the Figtree Program concentrates on commercial, industrial, retail, and multi-family properties. If Council approves the full Figtree Program at this time, then Figtree could begin serving the residential sector in the future without further Council action. Alternatively, staff could add restrictive language to the adopting resolutions, which would limit Figtree's authority to commercial and multi-family properties only.

## **ECONOMIC IMPACT**

Both CaliforniaFIRST and Figtree have similar potential benefits to property owners, including an alternative method for owners to finance energy and water efficiency retrofits and to realize the

energy cost savings related to them. If Hayward experiences high participation from property owners, local green jobs may be created to complete these energy and water efficiency retrofits.

Figtree is currently attracting investment – in March 2014, it partnered with a New York-based financial institution for up to \$60 million in capital. If the City does not allow Figtree to operate in Hayward, this financing will not be available to Hayward property owners. However, it is unclear if there is a demand from Hayward property owners for additional financing. So far, there have only been two PACE projects in Hayward, which CaliforniaFIRST was able to finance. In March, CaliforniaFIRST raised \$20 million in venture capital and in May, it secured a \$300 million credit facility.

As mentioned above, there are also potential economic risks to property owners when they take on PACE financing. In the worst case, cost savings may not materialize as predicted, and the owners could end up owing more than they can afford. This could result in increased defaults in Hayward.

## **FISCAL IMPACT**

Participation in PACE programs does not impact the General Fund or any City funds. PACE programs use private sector capital to provide property owners with funding.

## **PUBLIC CONTACT**

Staff is aware of one Hayward property owner interested in participating in the Figtree program. A letter from the owner (Attachment I) and an email from the contractor (Attachment II) were received supporting Council's adoption of the program.

## **NEXT STEPS**

Staff will follow the recommendation of the Committee. There are three alternatives at this point. Staff is recommending the third alternative below.

- 1) Direct staff to hold off on approving additional PACE providers in Hayward until the PACE market matures and more data is available to assess the potential benefits and risks to Hayward property owners. Upon this direction, staff will continue to monitor the PACE market and report back to the Committee.
- 2) Reaffirm the Committee's January 29 recommendation that the City Council approve resolutions to join the full Figtree PACE Program and the California Enterprise Development Authority (CEDA). Upon this direction, staff will present Council with one resolution to join CEDA and a second to opt into the Alameda County Figtree PACE assessment district.
- 3) Recommend that the City Council approve resolutions to join the Figtree Program, but limit Figtree's authority to commercial and multi-family properties only. Upon this direction, staff will present Council with amended resolutions that include the restrictive language.

*Prepared by:* Erik Pearson, AICP, Environmental Services Manager

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

Attachments:

Attachment I  
Attachment II

Letter from International Manufacturing  
Email from Wipomo

**INTERNATIONAL MANUFACTURING**  
CNC PRECISION MACHINE SHOP                      ISO-COMPLIANT

January 24, 2014

Hayward City Council/Hayward Sustainability Committee  
& Public Works-Utilities & Environmental Services  
City Hall  
777 B Street  
Hayward, CA 94541

Attention: Erik J Pearson, AICP/ Hayward City Council

I am the present owner of International Manufacturing, a small CNC precision machine shop in Hayward, CA. This business was built at this location over thirty years ago for Mr. Johnson Chiang and was purchased by me in 2005.

I understand that the City of Hayward will soon decide the future of the Property Assessed Clean Energy (PACE) financing. I urge the Council Sustainability Committee to recommend that the City Council adopt the Figtree PACE program.

Each year brings large increases in the cost of doing business; sometimes as much as 20%. With stiff competition, especially overseas, our company is exploring methods of reducing costs. This energy efficient retrofit proposed by Wipomo with proposed financing through PACE-Figtree is ideal.

This financing allows IMI to save or fix energy cost in the future, enjoy state and federal tax rebates, ensure greater profitability, and ultimately enjoy a tremendous increase in the value of the property. These results benefit everyone: IMI, the City of Hayward and Alameda County.

I urge you to allow this “cutting-edge” financing proposal to happen.

Sincerely,



Clement C. Johnson, III    President

**Erik Pearson**

---

**From:** Charlie Johnson <charlie@wipomo.com>  
**Sent:** Wednesday, January 22, 2014 9:13 AM  
**To:** Erik Pearson  
**Cc:** Joe Flores; cchapin@figtreefinancing.com  
**Subject:** Figtree PACE Program | City of Hayward

Mr. Erik Pearson,

My name is Charlie Johnson, founder of Wipomo. As you are aware, Wipomo has been working closely with Figtree PACE (Property Assessed Clean Energy) Financing to bring Figtree PACE to the City of Hayward. The reason for this email today is to provide additional support to the Council Sustainability Committee as they review the Figtree PACE Program on the 29th of January.

I am urging the committee to recommend City Council adopt the Figtree PACE Program. I have a project in the City of Hayward that would immediately benefit by using Figtree PACE to finance the project. Without this funding, the energy efficiency retrofit will not be possible and the property owner will not realize the energy savings.

The County of Alameda has already adopted the Figtree PACE Program as well as numerous other cities throughout the state, including the City of San Jose, San Diego, Fresno and many others. A complete list of Participating Cities can be found at the bottom of the page on the following link:

<http://www.figtreefinancing.com/government-member-agencies/>

The Figtree PACE Program can create jobs and has already funded projects in other cities. For the news release on Figtree's latest bond issue for solar and roofing projects in Fresno, Bakersfield, and Chico, click here:

<http://info.figtreefinancing.com/e/28222/es-third-bond-just-3-months-af/wvhqm/503773218>

<http://nreionline.com/nreiwire/press-release-commercial-pace-provider-figtree-financing-issues-third-bond-just-3-months-af>

The Figtree PACE Program will allow property owners in the City of Hayward access to capital for financing energy efficiency, renewable energy, and water conservation improvements on commercial and industrial properties and pay for those costs through their annual property tax bill as a line item.

There's no financial impact to the city's General Fund, no legal liability and no upfront costs to owners who choose to make these improvements.

Upgrades to windows and doors, lighting, refrigeration, bathrooms, solar photovoltaic and water, and HVAC are some of the projects eligible for financing

During a time when many contractors are struggling to find ways to increase cash flow, the City of Hayward has an opportunity to offer this important economic development tool at no cost to the City. In addition to helping the business community, retrofitting the commercial and industrial building stock has the potential of directly assisting the local construction industry - one of the industries hardest hit by the economic downturn.

Please contact Joe Flores, Figtree's Vice President of Municipal Finance directly at (858) 771-0895 or via email: [jflores@figtreefinancing.com](mailto:jflores@figtreefinancing.com) for additional details.

You can reach me at: 760-809-3391 or via email at [charlie@wipomo.com](mailto:charlie@wipomo.com).

Thank you,  
-Charlie

--  
Charlie Q. Johnson  
Founder - CEO, Wipomo  
760-809-3391  
[charlie@wipomo.com](mailto:charlie@wipomo.com)

~~~~~  
Wipomo's "Energy Ecosystem" puts you "On the Road to Energy Independence".

**DATE:** September 11, 2014

**TO:** City Council Sustainability Committee

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Update on Water Supply and State-Adopted Emergency Water Conservation Regulations

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **SUMMARY**

This report provides information about the current water supply outlook, Hayward's progress in achieving requested water use reductions, and implementation of the Emergency Regulation for Statewide Urban Water Conservation. Hayward's wholesale water supplier, the San Francisco Public Utilities Commission (SFPUC), continues to request 10% reductions in water use from all of its customers. To date, Hayward is exceeding its target; however, there are still several months left in the year. In order to preserve available supplies, continued water conservation programming and education are critical. Further, the State Water Resources Control Board (also known as the State Water Board) adopted an Emergency Regulation for Statewide Urban Water Conservation in July, which requires water agencies to prohibit certain outdoor water uses. The City is taking actions to comply with the Emergency Regulation and to make customers aware of the water use restrictions.

### **BACKGROUND**

At the July 16 Council Sustainability Committee meeting, staff updated the Committee on the current status of water supplies, water usage reduction requirements, and water conservation programs to help the community achieve the cutbacks. The SFPUC has requested 10% reductions in water use from all of its customers. The reductions are "voluntary" in that there are no financial penalties; however, the cutbacks are critical to preserving available water supplies and potentially delaying mandatory rationing if the dry conditions continue. It was noted in July that Hayward had so far met and exceeded its requested water use reductions. The 10% reduction request is still in effect and is expected to remain in place until at least the end of the calendar year.

On July 15, the State Water Resources Control Board adopted the Emergency Regulation for Statewide Urban Water Conservation, which requires, among other provisions, that urban water agencies mandate certain water use prohibitions, including irrigation practices that result in water flowing onto adjacent properties, sidewalks, parking lots and the like.

## **DISCUSSION**

### Water Supply Update

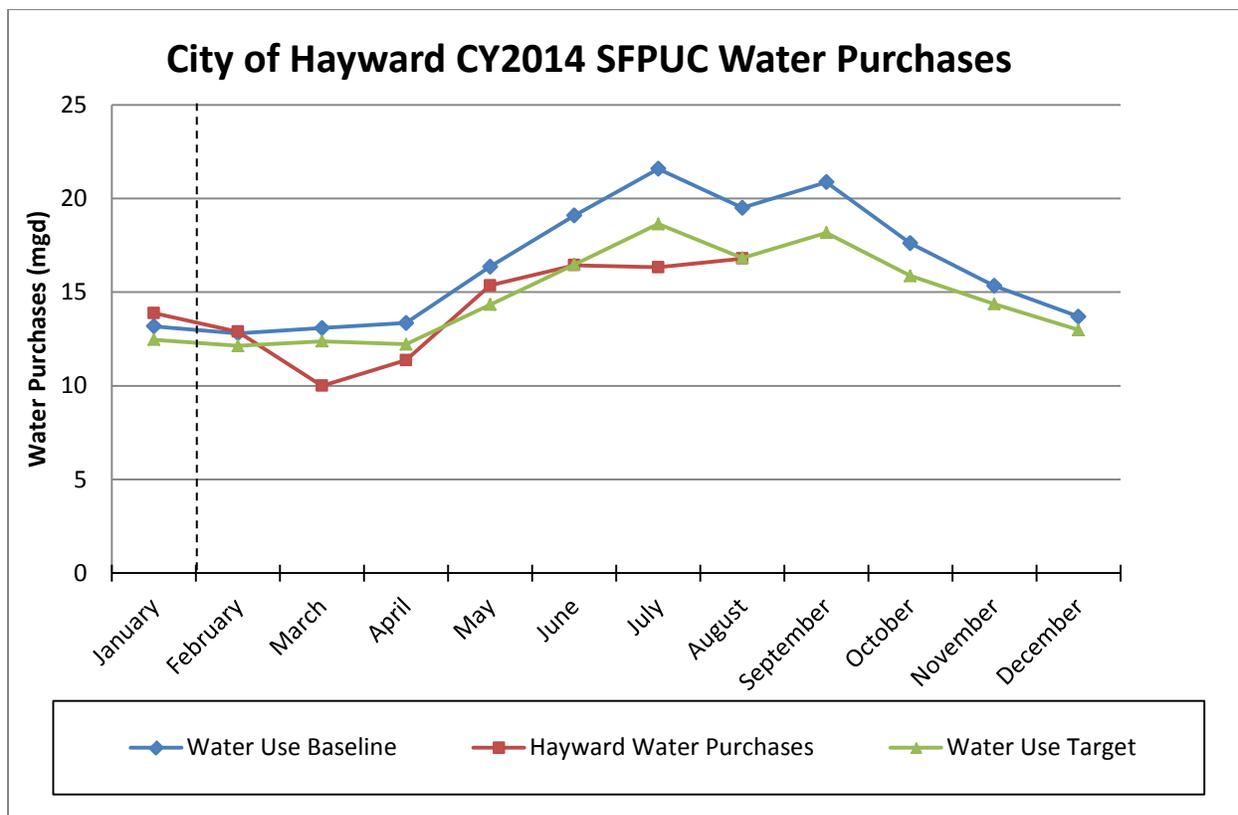
As of late August, the total SFPUC system storage was at 60% of capacity. The largest reservoir, Hetch Hetchy, was at 85% of its maximum storage capacity, and local water storage facilities were at about 60% of capacity in total. As noted in July, while these storage levels place the SFPUC in a somewhat better position, compared to other nearby water suppliers, there is concern about the potential for continued dry conditions.

The SFPUC continues to request a 10% cutback to preserve available supplies in the event that the drought continues next year. In all likelihood, the 10% voluntary reductions will remain in effect at least through the end of this calendar year. Further, SFPUC has stated that mandatory rationing is not off the table if customers do not make sufficient progress towards meeting the reduction target. Therefore, it is critically important to continue efforts towards achieving the goals.

### Hayward's Progress in Achieving Water Reductions

Hayward continues to meet and exceed its water use reduction target, based on metered consumption from February through August. The City's cumulative savings target during this seven-month period was 390 million gallons; whereas actual savings totaled 510 million gallons. Hayward's total water savings target through December is 576 million gallons. As a reminder, the 10% overall savings target is not linear through the year. Monthly targets for individual agencies have been set based on five-year historical use patterns. There is more discretionary water use during the summer and early fall, so the savings potential is higher during this time. As the weather becomes cooler and there is less outdoor use, the opportunities for water savings are reduced. Thus, while Hayward remains in a very good position to meet the final target, having achieved about 88% of its goal, continued focus on conservation and education is needed.

The following chart depicts Hayward's progress. The blue line shows the average historical use pattern over the past five years, with peak usage occurring in July, August and September. The green line illustrates the water use target for each month, and the red line shows actual SFPUC purchases by Hayward through August.



Implementation of Emergency Water Conservation Regulation

The Emergency Regulation for Statewide Urban Water Conservation prohibits certain outdoor water uses. The mechanism for implementing the regulations is the Water Shortage Contingency Plan (WSCP), which is adopted every five years in accordance with the Urban Water Management Planning Act. The City’s current WSCP was adopted in 2011, as part of the Urban Water Management Plan. The WSCP includes four water shortage stages, each specifying increasingly stringent actions and water use prohibitions. The Emergency Regulation requires agencies to implement all of the actions within the WSCP stage at which mandatory irrigation restrictions are triggered.

The City’s Stage I actions, as currently adopted by the Council, are voluntary in that customers are encouraged to not engage in wasteful activities, but are not expressly prohibited from doing so. Thus Stage I does not meet the State’s requirements. Stage II actions in the current WSCP are mandatory, but the actions also include water allocations and financial penalties for exceeding the allocations. Stage II actions are generally triggered when the City is under mandatory rationing and subject to excess use charges from SFPUC. Since the State requires implementation of all actions within a stage, activating a Stage II shortage is problematic as well.

Staff has reviewed the State Water Board’s directive and determined that the best approach to meet the requirements without imposing onerous actions is to amend the WSCP so that Stage I incorporates the required prohibitions. Based on City Council direction, the City Manager

administratively approved Stage I revisions as an interim measure, effective August 1. The item will be considered for final adoption by the City Council at its September 23 meeting.

In general, the prohibited activities to be included in Stage I are:

- Irrigating in such a way that allows significant amounts of water to flow onto sidewalks and streets
- Excessive water use due to broken or defective plumbing or irrigation systems
- Washing sidewalks, parking lots and driveways with potable water
- Using hoses that do not have shutoff nozzles
- Operating decorative fountains that do not recirculate water

These restrictions are consistent with the State's Emergency Regulation, do not represent a hardship for customers, and are in fact, prohibited in the City's Municipal Code as a matter of practice whether or not a water shortage exists.

### Consumer Education

The City's Community and Media Relations Officer has been instrumental in assisting Utilities & Environmental Services staff with development of an outreach campaign that uses a variety of communication tools to deliver a consistent message. The City's website has been updated and further improvements are planned. Social media is also being employed to maintain ongoing conservation messaging, and a billboard campaign has been initiated in cooperation with other regional entities. A city-wide mailing is scheduled for early September to remind customers of simple steps they can take to reduce water usage. Additional media and communication tools will be rolled out as necessary throughout the fall to maintain awareness of the drought and to achieve water use reductions.

Staff is also developing an enforcement program to ensure compliance. At this time, customers with reported excessive water use are informed by letter of the regulations and prohibited water uses. An educational approach is generally effective; however, if prohibited water use continues, staff may follow up with additional letters, door hangers, personal visits, and as a last resort, monetary fines.

### **ECONOMIC IMPACT**

At this time, the costs of implementing actions to meet the State Water Board's directive and achieve water use reductions are not significant and will not have an impact on water rates.

### **FISCAL IMPACT**

Water conservation program management staffing is provided by the Utilities & Environmental Services Department and is funded entirely in the Water Operating Fund. There are no General Fund impacts. Staff is generally using readily available and low cost methods for outreach. Some staff time is needed to develop the strategic communications plan and to follow up on reports of excessive use.

In the event that mandatory rationing is declared, there will be costs associated with developing and implementing an aggressive program to meet the required targets, including drought water rates and enforcement of mandated water restrictions. Staff would return to Council with a recommended plan of action and cost estimates.

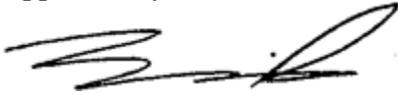
**NEXT STEPS**

Staff will continue to monitor the water supply situation and provide periodic updates. The amended WSCP will be considered by the City Council on September 23 and additional outreach and enforcement will be implemented as needed.

*Prepared by:* Marilyn Mosher, Administrative Analyst III

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

**DATE:** September 11, 2014

**TO:** City Council Sustainability Committee

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Update on Community Choice Aggregation (CCA)

### **RECOMMENDATION**

That the Committee reviews and comments on this report.

### **BACKGROUND**

As represented by its supporters, Community Choice Aggregation (CCA) enables a city, county or a group of cities and counties to arrange the purchase and/or generation of electricity on behalf of customers within the jurisdiction. The purpose of a CCA can be to secure electricity at competitive prices, secure electricity from cleaner sources to reduce greenhouse gas emissions, and/or to create local green jobs. The formation of CCAs in California was made possible by Assembly Bill 117 in 2002. The law states that utility customers within the jurisdiction will be included in the CCA unless they choose to opt out.

On January 29, 2014, staff presented the Committee an overview of CCA<sup>1</sup>. At this meeting, the Committee expressed an interest in receiving presentations from CCA advocates and PG&E. Consequently, a special meeting was held on May 2, 2014<sup>2</sup> that included presentations from Seth Baruch, President of Carbonomics, Alex DiGiorgio, Community Affairs Coordinator for Marin Clean Energy, and Greg Hoaglin, Executive Manager for PG&E.

At the May 2 meeting, the Committee approved a motion to recommend that City Council begin the process of studying CCA in cooperation with other cities, the County, and perhaps the Energy Council. As part of this study, the Committee recommended that the City request load data from PG&E, hopefully in coordination with other cities and the County to share costs.

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<sup>1</sup> See Item #5 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC012914full.pdf>

<sup>2</sup> See Item #2 at: <http://www.hayward-ca.gov/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-SUSTAINABILITY-COMMITTEE/2014/CSC-CCSC050714full.pdf>

## DISCUSSION

Since the May 2 Committee meeting, the following activities have taken place, which will help to clarify the City's next steps.

Alameda County Authorization of a CCA Feasibility Study – At their June 3, 2014 meeting, the Alameda County Board of Supervisors authorized expenditure of up to \$1,325,000 for County staff to “pursue actions to establish a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County.” (Attachments I and II). The bulk of this money will go toward preparation of a feasibility study.

County staff expects to complete these actions over the next 18 months, including:

- Conducting outreach to other jurisdictions and entities for participation,
- Forming a steering committee,
- Procuring load data from PG&E,
- Hiring and retaining consultants to help prepare the Feasibility Study,
- Analysis and review of the Feasibility Study,
- Public outreach,
- Bid solicitation to interview and select probable energy providers, and
- Development of an implementation plan that will ultimately need to be submitted to the CPUC.

The County does not anticipate requesting any funds from interested cities during the first phase of the program. If the first phase results in a positive feasibility analysis and the Board of Supervisors agrees to continue, the second phase of the program would be to establish and staff the JPA, with an estimated cost of \$1,910,000. Attachment III provides a summary of the total estimated budget for the Alameda County CCA Program.

On July 25, 2014, the County contacted the City to request a letter of consent and permission from the City Manager to allow the County Administrator to obtain Hayward's electric load data from PG&E (Attachment IV). The City Manager replied to the County with a letter of support for the load data request on July 29 with the stated understanding that the City will incur no cost for obtaining or analyzing this data (Attachment V).

Energy Council's Role – The Energy Council formed last year pursuant to a joint Exercise of Powers Agreement entered into by most cities in Alameda County and the County itself. It has the expressed purpose of providing a means by which member agencies can more effectively develop and advance the use of clean, efficient, and renewable resources. The Energy Council's JPA does not give it the power to “operate” a CCA.

The July 15, 2014 meeting of the Energy Council included an agenda item to discuss the Energy Council's Role in CCA in light of the County's recent actions. StopWaste staff recommended several next steps (Attachment VI). The Board directed staff to prepare a letter to the County for its

September meeting to request that Energy Council Board and Technical Advisory Group representatives serve as members of a CCA steering committee during formation of the CCA.

*Update on AB 2145* – In February, Assembly member Steven Bradford introduced a bill that, in its original form, would have made formation of a CCA significantly more challenging. Marin Clean Energy and LEAN (Local Energy Aggregation Network) Energy US encouraged cities to formally oppose AB 2145. In April, staff drafted and Mayor Sweeney signed a letter of opposition. Since then, the bill passed both the Assembly and the Senate Appropriations Committee. In the process, the bill was amended to strike its most controversial measure. The original bill changed CCA from an opt-out program to an opt-in program. That measure was removed by the Senate’s Energy Committee.

Despite this amendment, AB 2145 retained measures that would have made the formation of a CCA more challenging, including restricting the expansion of a CCA to a geographic area of three contiguous counties and requiring that every solicitation of customers by a CCA contain information comparing the electric supply rate of the electric utility to the supply rate of the CCA.

The bill passed out of committee to the Senate floor on August 14. In response, staff drafted and Mayor Halliday signed an updated letter of opposition on August 27 (Attachment VII). The bill ultimately died when it failed to make it off the Senate Floor at the close of the 2014 legislative session.

## **ECONOMIC IMPACT**

There will be no economic impact from the Committee accepting this report. According to the white paper titled *East Bay Community Choice Energy – from concept to implementation*, authored by Carbonomics and the Local Clean Energy Alliance, both CCA advocates, an East Bay CCA could create thousands of local jobs. The Alameda County feasibility study may identify more specific impacts on the local economy. For example, Marin Clean Energy (MCE) offers a standard contract, called a Feed-In Tariff, to anyone in Marin County or Richmond wishing to sell power from small-scale renewable energy projects. Their Feed-In Tariff was behind a 972 kilowatt rooftop solar project at the San Rafael Airport in 2012. Over the next 18 months, MCE expects to complete several more solar and methane capture projects in Novato and Richmond<sup>3</sup>. The extent to which jobs could be created in Hayward would depend on the number and size of electricity generation facilities constructed in Hayward.

## **FISCAL IMPACT**

There will be no fiscal impact to the City from the Committee accepting this report. Alameda County is incurring all costs related to the feasibility study and does not anticipate requesting any funds from interested cities during the first phase of its CCA program.

If the Board of Supervisors decides to continue to a second phase, County staff estimates that the cost to establish and staff the JPA will be an additional \$1,910,000, though this cost is difficult to

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<sup>3</sup> <http://www.mcecleanenergy.org/local-projects/>

estimate pending the feasibility study. These start-up costs would ultimately be recoverable from rate-payers.

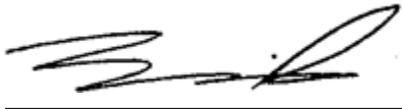
**NEXT STEPS**

Staff will continue to update the Committee on the progress of the County’s Feasibility Study and on AB 2145.

*Prepared by:* Mary Thomas, Administrative Analyst I

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

Attachments:

- |                |                                                                                      |
|----------------|--------------------------------------------------------------------------------------|
| Attachment I   | Letter to the Alameda County Board of Supervisors Regarding the Proposed CCA Program |
| Attachment II  | Alameda County Board of Supervisors CCA Initialization Resolution                    |
| Attachment III | Summary of Estimated Budget for Alameda County CCA Program                           |
| Attachment IV  | Alameda County CCA Load Data Permission Request                                      |
| Attachment V   | City of Hayward Support for Load Data Request                                        |
| Attachment VI  | July report on the Energy Council’s Role in CCA                                      |
| Attachment VII | Updated Letter of Opposition to AB 2145                                              |



## ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

AGENDA ITEM No. \_\_\_\_\_  
June 3, 2014

**Chris Bazar**  
Agency Director

224  
West Winton Ave  
Room 110

Hayward  
California  
94544

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510.670.5333  
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510.670-6374

www.acgov.org/cda

May 22, 2014

Honorable Board of Supervisors  
Alameda County Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT: PROPOSED COMMUNITY CHOICE AGGREGATION (CCA)  
PROGRAM – REQUEST FOR AUTHORIZATION TO PROCEED**

**RECOMMENDATIONS:**

1. Authorize County staff to pursue actions that could result in formation of a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County, including outreach to jurisdictions, steering committee formation, load data procurement, hiring and retention of consultant(s) as necessary to help prepare the Feasibility Study, Feasibility Study preparation, peer review of the Feasibility Study, public outreach by staff and consultants, bid solicitation, and development of implementation plans.
2. Authorize the expenditure of up to \$1,325,000 for the tasks described in Item 1 above, without appropriation of new funds.

**BACKGROUND:**

The Alameda County Board of Supervisors Transportation and Planning (T&P) Committee has directed County staff to bring the concept of Community Choice Aggregation (CCA) program to the full Board for its consideration. This issue has been heard before the T&P Committee at two hearings in 2014, as well as by all Board members at your May 2014 retreat.

California State Assembly Bill 117 (AB 117), passed and signed into law in 2002, gave California cities and counties the ability to aggregate the electric loads of residents, businesses and public facilities to facilitate the purchase and sale of electrical energy in a more competitive market. As a result of the California energy crisis of 2000-2001, issues such as reliability and energy independence moved to the forefront, along with price stability and renewable energy (The Goldman School of Public Policy, University of California, Berkeley, Community Choice Aggregation: The Viability of AB 117 and its Role in California's Energy Markets, June 13, 2005). Community Aggregators or CCAs have the options of supplying power through wholesale purchase contracts and spot market purchases and/or through ownership and operation of generating plants. However, the responsibility for all aspects of power delivery (transmission, distribution, metering, billing, and customer service) remains with the utility (Bay Area Economic Forum, The Economics of Community Choice Aggregation: The Municipalization of Local Power Acquisition and Production, June 2007).

Existing Community Choice Aggregation programs in other states, as well as studies performed specifically for local California communities, indicate substantial cost savings benefits for

consumers and communities. CCAs can also offer energy independence, price stability and more efficient Energy Efficiency programs. Increased reliance on renewable and alternative energies, and boosts to local employment may also be considered beneficial. (Goldman School of Public Policy, 2005)

### **SUMMARY/ANALYSIS:**

A CCA would allow an entity, either a jurisdiction or a JPA, to become an energy purveyor and to purchase electrical energy on the wholesale market from any source, including fossil fuel, nuclear or renewable sources, and small-producer energy (such as home solar energy). The CCA would compete with traditional private utilities such as PG&E to provide electrical power to the end users within its boundaries. Upon formation of the CCA and approval by the CPUC, all users within the boundary would be enrolled as customers, with the option to opt-out and return as a customer to the prior energy provider. A customer of the CCA would then get a combined CCA/Utility billing for actual electricity used, for ongoing maintenance and usage. Ideally under a CCA, the combined bills would be competitive with those of the private utility company, and could potentially be lower.

A CCA entity could take net revenues and either use them to reduce overall electric bills, invest in local renewable energy sources and installations, or provide grants to lower-income homeowners and businesses to install renewable energy on their properties.

Like a private utility, a CCA must meet State Renewable (Energy) Portfolio Standards (RPS), which is basically the minimum fraction of a purveyor's overall energy portfolio that must come from renewable sources. Right now, the RPS for California is set at minimum 33% renewable by the year 2020 and for each year after that. Ideally, a CCA could economically exceed this RPS requirement, and offer its customers a higher blend of renewable energy.

(CPUC website, <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>, modified June 17, 2013).

### **Starting up a CCA Program:**

There are several tasks involved in starting up a CCA program, with associated costs. These are:

1. Feasibility Study – Study to demonstrate whether the program can meet its stated goals, and the economic feasibility of providing the benefits the program is to achieve.
2. Raising Initial Set-Up Costs – The action would entail costs to develop the business/feasibility study, and also legal fees associated with setting up the Joint Powers Agency/Authority (JPA).
3. Forming a Joint Powers Authority – A CCA program would be established to implement the aforementioned business plan. The program would be organized under a Joint Powers Authority (JPA) that would register with the CPUC and be responsible for managing the program.
4. Community Choice Agency - An initial task of the JPA Board of Directors would be to create a Community Choice Agency under the direction of a Chief Executive Officer or Executive Director to be appointed by the Board, with legal and regulatory support provided by in-house legal counsel.
5. Bid Solicitation – The bid process entails interviewing and selecting probable energy providers with which to negotiate power prices and purchases, and so enter into agreements with them.
6. Implementation Plan - The CPUC, which ultimately must approve the Community Choice program, requires that the CCA JPA submit an Implementation Plan that covers all aspects of the set-up and operation.

7. **Program Roll-Out:** Once all of the above steps are completed, the agency will need to undertake a series of start-up activities that will likely begin 6-12 months prior to the first power sales. These activities include hiring staff; setting renewable and local portfolio goals (percentage of power from renewable and local sources), planning of market procurement as a bridge source of energy until the most desirable local and renewable sources can be contracted, planning for local build-out and phasing-in of customers, satisfying capital requirements, setting initial rates, customer outreach, marketing and information.

### **Benefits and Risks:**

A CCA program could achieve a number of benefits:

- Substantial total energy demand reduction through energy efficiency, conservation, and demand response.
- Large increases in local renewable energy resources.
- The creation of many skilled jobs as a result of enhanced investment in renewable energy
- Substantial reductions in greenhouse gas emissions.
- Stabilization and possibly reduction of electricity rates.

CCA establishment is not without risk. Good management and experience can mitigate most of them, but the following risks should be specifically noted:

- *Competitive Rates:* Can the program provide power with the desired renewables mix at a competitive price? Can demand reduction and local renewables be developed at an overall system cost that provides electricity prices competitive with the incumbent utility?
- *External Risks:* It is possible that third-party energy suppliers could default or for some reason not provide the renewable energy that was originally contracted for, forcing the CCA agency to enter the potentially expensive short-term market to meet customer needs. If prices increase when the CCA is in the market for new or replacement contracts, it could require the CCA to raise rates. Conversely, if the program locks in long-term contracts and the overall price for power subsequently falls, it could be holding a higher-cost portfolio.
- *Contracting for Power at the Right Levels:* It is possible for the CCA to buy too much or too little electricity, requiring either excess sales into the market or more spot-market purchases from the market.
- *Unfavorable Regulatory Changes:* It is always possible that the CPUC could institute policies that are unfavorable to an East Bay program. These could range from higher bonding or PCIA (Purchased Cost Indifference Amount) charge calculations to additional reporting requirements. The PCIA surcharge itself – an extra fee that CCA customers pay – could vary from year to year, and while it is expected to decline, regulatory action could change that.

While all of these risks can be mitigated, they cannot be eliminated completely. It should be noted, however, that many municipal utilities in California, including that of the City of Alameda, have operated for decades and successfully managed commodity, credit and operational risks.

### **Financing:**

Based on discussions with Sonoma County staff regarding their experience establishing a CCA program, staff estimates that the total cost to establish a CCA for Alameda County to be approximately \$3,225,000 over a three-year period. Of that amount, approximately \$1,325,000 in staff, consultant and other costs would be needed to gather data, seek input from interested jurisdictions and other parties, hold public meetings and conduct a feasibility study and analysis over a period of approximately 18 months. This

Alameda County Board of Supervisors  
Proposed Community Choice Aggregation (CCA) Program – Request for Authorization and Funding  
May 22, 2014  
Page 4

first-phase cost could be temporarily absorbed by CDA through a combination of re-allocating expenditure priorities, re-assigning some existing staff, utilizing currently vacant positions in different portions of the Agency, and fee credit payment funds from the Surplus Property Authority. These start-up expenditures may be partially or completely recoverable, should the project result in a functioning CCA, through a “buy-in” requirement from other jurisdictions into the JPA and/or through rate-payers.

Assuming that the first phase of this program results in a positive feasibility analysis and the Board agrees to continue, the second phase of the program would be to establish and staff the JPA, with an estimated cost of \$1,910,000. Because these costs are clearly recoverable from rate-payers, the funds for this portion of the program could be in the form of a loan from the Surplus Property Authority, utilizing funds generated by fee credit payments made by developers of Authority properties in Dublin (this is a variable cash flow source that is coming in now due to the improvement in the economy). Upon repayment of the loan (with interest), the funds would then be deposited in the County’s Emerald Fund.

After the CCA program is successfully established and operating, it would become self-sustaining and able to provide all the electrical needs of the CCA community at a reasonable price and with a large fraction of renewable energy. It would also provide full recovery of start-up costs. However, as stated above, start-up financing would be necessary to begin the process. It is difficult to say with high precision what those costs would be pending the feasibility study, but millions of dollars would be required, which the CCA Agency would need to recoup via sales revenues in order to pay back loaned money.

### **ENVIRONMENTAL ANALYSIS**

Staff has tentatively determined that this proposal is statutorily exempt from analysis under the California Environmental Quality Act (CEQA) for the reason that it is not a project. CEQA Guidelines, Section 15378(b)(5), states that a project does not include "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environment." Forming or joining a CCA presents no foreseeable significant adverse impact to the environment over the existing condition because state regulations such as the Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) requirements apply equally to CCAs as they do to Private Utilities.

Very truly yours,

Chris Bazar, Director  
Community Development Agency

Attachments:

**THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA,  
STATE OF CALIFORNIA**

**THE FOLLOWING RESOLUTION WAS ADOPTED                      NUMBER R-14-XXX**

**RESOLUTION OF INTENT TO STUDY THE FEASIBILITY OF  
COMMUNITY CHOICE AGGREGATION FOR ALAMEDA COUNTY**

**WHEREAS**, The Alameda Board of Supervisors has demonstrated its commitment to an environmentally sustainable future through its policy goals and actions, including energy reduction, clean energy programs, and the expansion of local renewable power supply; and

**WHEREAS**, The Alameda County Board of Supervisors has examined and identified Community Choice Aggregation as a key strategy to meet local clean energy goals and projected greenhouse gas reduction targets; and,

**WHEREAS**, Community Choice Aggregation is a mechanism by which local governments assume responsibility for providing electrical power for residential and commercial customers in their jurisdiction in partnership with local commercial energy purveyors and owners of transmission facilities, which in the case of Alameda County is Pacific Gas & Electric Co.; and,

**WHEREAS**, Community Choice Aggregation, if determined to be technically and financially feasible, could provide substantial environmental and economic benefits to all residents and businesses in Alameda County; and,

**WHEREAS**, Community Choice Aggregation also provides the opportunity to fund and implement a wide variety of energy-related programs of interest to the community, including renewable energy; and,

**WHEREAS**, in addition to technical and financial feasibility, it is important to determine whether there is adequate public support for Community Choice Aggregation; and,

**WHEREAS**, determining technical feasibility and public support requires the analysis of energy load data from PG&E and a focused public education and outreach effort.

**NOW THEREFORE,**

**BE IT RESOLVED THAT** The Board of Supervisors does hereby Authorize County staff to pursue actions to establish a new Joint Powers Agency (JPA) agency to implement a Community Choice Aggregation program for Alameda County, including outreach to jurisdictions, steering committee formation, load data procurement, hiring and retention of consultant(s) as necessary to help prepare the Feasibility Study, Feasibility Study analysis, peer review of the Feasibility Study, public outreach by staff and consultants, bid solicitation, and development of implementation plans.

**BE IT FURTHER RESOLVED THAT** the Board of Supervisors does hereby Authorize the expenditure of up to \$1,325,000 for the tasks described above.

**BE IT FURTHER RESOLVED THAT** the Board of Supervisors does hereby direct the Community Development Agency Director to work with the County Auditor and County

Administrator to analyze total process cost and probable sources for both this phase and future phase of Community Choice Aggregation program establishment, and to ensure consistency with County Policy.

**ALAMEDA COUNTY BOARD OF SUPERVISORS**

**THE FOREGOING** was **PASSED** and **ADOPTED** by a majority vote of the Alameda County Board of Supervisors this **3rd day of June, 2014** to wit:

**AYES: Supervisors Carson, Chan, Miley, Valle**

**NOES:**

**EXCUSED: Supervisor Haggerty**

\_\_\_\_\_  
**PRESIDENT, BOARD OF SUPERVISORS**

**ATTEST:**  
**(Name)**, Clerk  
**Board of Supervisors**

By: \_\_\_\_\_  
**Deputy**

File: \_\_\_\_\_  
Agenda No: \_\_\_\_\_  
Document No: **R-2014-**\_\_\_\_\_



I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Supervisors, Alameda County, State of California

**ATTEST:**  
**(Name)**, Clerk  
**Board of Supervisors**

By: \_\_\_\_\_

## Summary of Estimated Budget for Formation of Community Choice Aggregation (CCA) Program for Alameda County

### **A - Initiation of the Concept:**

***Initial County Staff- Organization and Coordination -*** **\$50,000**

Includes education, training, task assignment for three to four County employees over a two-three month period.

***Outreach to Other Jurisdictions and Entities for Participation -*** **\$125,000**

Staff would work independently and with the Board and Public Interest Groups to contact, explain and provide information to all other Alameda County jurisdictions (incorporated cities) to increase awareness and rally support for the CCA concept, and work with those cities' staff to secure authorizations from those cities to proceed on their behalf. Staff would also provide templates and consulting support for individual cities to provide permission for the County to request utility load data as required by CCA law. Expected time frame 6 - 9 months, can begin almost immediately

***Costs and Coordination of Load Data Requests from PG&E for Analysis – Preliminary Phase - \$100,000***

Load data requests from PG&E cost several hundreds up to a thousand dollars apiece for multiple load categories; Alameda County is a diverse County, and including cities may have up to 50 or more categories of load data for all types of land uses ranging from residential to commercial, industrial and agricultural, along with many variations including low-income load data. For each city, a pro-forma letter request from that city's City Manager should be submitted to the County so that the County can request the various load data from PG&E for the entire participating area. In some cases, different cities will have the same load data categories, so a single request to PG&E will help to coordinate and reduce costs. Permission from cities should be submitted as soon as County and cities have reached formal decisions to participate. Permission from cities requires only a City Manager's letter.

***Hiring, Retention and Management of Consultant for Load Data Analysis, Feasibility Study and Bid Solicitation -*** **\$400,000**

A technical consultant will need to be retained to assimilate and analyze the load data to synthesize inputs to the feasibility study to be prepared in Step 2 of the Preliminary process. Staff management will be necessary to help keep the analysis relevant and targeted to jurisdictions in the County, and to continue to coordinate with each jurisdiction choosing to participate in the CCA.

***Total for Initiation Phase:*** **\$675,000**

**B - Feasibility Study and Related Activities*****Feasibility Study -*** **\$150,000**

This is the actual analysis that allows the Lead Agency to determine whether a CCA can actually be administered in a way that is both cost-effective to the Agency and economically justifiable to its future customers. It depends upon the analysis of the Load Data procured from PG&E in the previous phase, along with the economics of the customer base itself experience of other jurisdictions. This will require staff to hire and retain and manage a consultant for this purpose, possibly the same consultant as the one hired to analyze the Load Data, but covered by the same staff cost.

***Peer Review of Feasibility Study -*** **\$50,000**

A “Second Set of Eyes” that are trained to recognize possible errors, pitfalls and missed facts in the primary Feasibility document. This has proven valuable for others, notably Sonoma County.

***Public Outreach by Staff and Consultants -*** **\$300,000**

The program, including the Feasibility Study, will require roll-out to the General Public for review and comment before a decision is made to adopt the Study and bring the CCA Agency, whatever form it may take, to fruition. This will include preparation of presentations and presentation at public workshops and hearings by staff and consultants.

***Bid Solicitation Process and Energy Provider Selection -*** **\$75,000**

This task involves both the consultant and County staff. It includes selecting a group of likely renewable and traditional energy providers, requesting bids for energy provision, conducting interviews and selecting an appropriate group of energy providers from among the larger group. As an example, Sonoma County started with a dozen prospective energy producers, and ultimately selected four of them to participate in the CCA. Also includes consultant time to prepare load data information for prospective bidders, which is different from that for the feasibility study.

***Business and Implementation Plans -*** **\$75,000**

This process is required by law, and critical to the success of the CCA. These plans must be drawn up based on the Feasibility Study, and must be approved by State PUC before they may be implemented. There is a pro-forma chart to fill out for this task, and once the load data analysis, feasibility study and bid solicitation steps are successfully completed, this is a relatively simple task. The same consultant may be used to help prepare these plans. State PUC staff handle the forms once they are submitted, with no further action by the County other than responding to comments. The State then approves the plan.

***Total for Feasibility Study and Implementation Plan Phase:*** **\$650,000**

**C - Post Feasibility Study – Start-Up Costs for JPA Assumes Positive Outcome of Study:**

In order to create the CCA Agency, whether a JPA or some other entity, the following actions and costs would be necessary; this list is not all-inclusive, and may involve other activities not listed here.

**Staffing and Professional Services-** **\$1,200,000**

A probable minimum for effectively beginning an Agency that can manage the purchase and sale of energy. Includes lining up financing for initial energy purchases, if necessary. Each of the following tasks will be subordinate to the staffing step.

**Marketing and Communications -** **\$150,000**

**Data Management -** **\$180,000**

**PG&E Service fees -** **\$40,000**

**PG&E Fees for follow-up load data requests -** **\$40,000**

These types of data will need to be revisited on a semi-regular basis in order to maintain consistency and competitiveness.

**Miscellaneous Administrative and General Costs -** **\$250,000**

**Financial Security and Bond Carrying Costs -** **\$50,000**

This category of costs is necessary to guard against default.

**Total Start-Up Costs for New Agency post-Feasibility Study -** **\$1,910,000**

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**TOTAL ALL =** **\$3,235,000**

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**Notes –**

These cost do not include costs incurred by the CCA \*after\* it has begin operations and before it begins to sell electricity at a profit. These costs, which staff cannot estimate at this time but which may be on the order of \$20,000,000, include:

- Electricity Purchases
- Renewable Energy Purchases
- Electric Generation
- Transmission and Grid Services
- Legal
- Working Capital Requirements (estimated in the millions of dollars, roughly equal to one month's revenue of the CCA)
- Billing, Metering and Data Management
- Uncollectable Amounts
- Program Reserves (how much in the CCA account)
- Bonding and Security Requirements – possibly as high as \$1,000,000 or more.
- PG&E Surcharges – Monthly surcharges on customer's bills to make up for PG&E lost revenues as a result of previous long-term purchases of energy.

Assuming that the CCA Agency operates as expected, all of the costs described here would be recoverable, some within the first year and the rest within a few years, from revenues of energy sales to customers.

These also do not include revenues as a result of jobs created in the renewable energy sector, or long-term benefits realized from GHG reduction.



## C O U N T Y   A D M I N I S T R A T O R

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

July 25, 2014

Dear Colleagues:

The Alameda County Board of Supervisors, at its June 3, 2014 meeting, directed County staff to begin the process of establishing a Community Choice Aggregation (CCA) program for Alameda County and any qualified municipal jurisdictions within the County who may wish to participate through the creation of a new Joint Powers Authority (JPA). California State Assembly Bill 117 (AB 117), passed and signed into law in 2002, gave California cities and counties not currently served by a public utility the ability to aggregate the electric loads of residents, businesses and public facilities to facilitate the purchase and sale of electrical energy in a more competitive market.

The first part of the County CCA development process involves conducting a technical Feasibility Study for the potential CCA program. The Feasibility Study requires, among other things, electrical load data from PG&E for all qualified communities within the County who may be interested in joining the JPA. The electrical load data must be requested from PG&E by the County Administrator's office; and for each city that may wish to participate, a letter of consent and permission must be provided by the City Manager of that city. For purposes of conducting a comprehensive study, we would like to include load data from all Alameda County cities (with the exception of Alameda, which runs its own utility) as well as the unincorporated County. I have included a draft response letter for your use with this request, which would fulfill the consent and permission requirements under the law. There is no obligation to participate in a future CCA program, nor is there any cost to you related to the Feasibility Study. If you choose to authorize your community's load data, we request your response no later than Tuesday, September 2, 2014 to allow us move forward with the next steps in this process. Please let us know if this deadline is problematic and we will do everything we can to accommodate your timeline.

Alameda County will conduct the Feasibility Study at its own expense, with no cost to your City. Furthermore, permission to request your community's electrical load data from PG&E in no way obligates your City to participate in an Alameda County CCA going forward; legal requirements for confidentiality of the electrical utility customers will be fully observed.

If the Feasibility Study indicates that a CCA could be implemented in Alameda County in a cost-effective manner, and following further Board of Supervisors approval, every City whose City Manager responded to this request for load-data authorization will be invited to participate further in the formation of a JPA to establish and administer the CCA program. During this process, County staff will conduct periodic public meetings to inform staff members and elected officials from each City – as well as members of the public – about progress of the effort and to receive public input on the goals of the potential CCA program.

To further the discussion, I request that County staff be invited to attend a future meeting of the City/County Managers Association, to make a presentation about the potential CCA program in Alameda County. In the meantime, we have attempted to anticipate some of your questions in the

attached FAQ. Thank you for your consideration in this matter. If you have any questions or comments in the interim, please contact me or Bruce Jensen with the County Community Development Agency, at (510) 670-6527 or [bruce.jensen@acgov.org](mailto:bruce.jensen@acgov.org).

Very truly yours,



Susan S. Muranishi,  
County Administrator

SSM:CB:AN:nr

c: Each Member, Board of Supervisors  
County Counsel  
Director, CDA  
Interim Director, GSA



CITY OF  
**HAYWARD**  
HEART OF THE BAY

July 29, 2014

Ms. Susan S. Muranishi, Administrator  
County of Alameda  
1221 Oak Street, Room 555  
Oakland, CA 94612

Subject: Support for Load Data Request

Susan:

I have reviewed your letter dated July 25, 2014 in which you explain that Alameda County is asking for authorization to request that PG&E supply to the County of Alameda all electric energy use data, (i.e. electricity consumption and load data for all customer classes) for all customers that reside within the County's unincorporated land area and within the jurisdictions of cities within the County who elect to approve this request. The City of Hayward supports this request and authorizes the County of Alameda to receive the data and analyze the data on behalf of the City of Hayward.

We understand that this data will be used to analyze the feasibility of electrical procurement options through a potential Community Choice Aggregation (CCA) program that could cover all or part of Alameda County and contiguous areas of adjacent counties. We understand that by approving this request from Alameda County, the City of Hayward is not obligated to pursue any alternative electricity procurement option. We further understand that the City of Hayward will incur no cost for obtaining or analyzing this data; and that all fees associated with this data request and the resulting decision analysis, up to and including all analysis needed to determine the feasibility of the City of Hayward participating in the proposed Joint Powers Authority for the purposes of implementing a CCA program, will be paid for by Alameda County.

Sincerely,

Fran David  
City Manager  
ICMA-CM

cc: Mayor and City Council  
Michael Lawson, City Attorney  
Kelly McAadoo, Assistant City Manager  
Alex Ameri, Director, Utilities & Environment  
Tracy Vesely, Director of Finance




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**Date:** July 15, 2014

**TO:** Energy Council

**FROM:** Gary Wolff, Executive Director

**BY:** Wendy Sommer, Deputy Executive Director  
Karen Kho, Senior Program Manager

**SUBJECT:** Community Choice Aggregation (CCA) – Energy Council’s Role

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**BACKGROUND:**

At the last Energy Council meeting in June, the Board received an overview presentation of Community Choice Aggregation (CCA) from Seth Baruch of Carbonomics and Tom Kelly of KyotoUSA. The handouts and PowerPoint presentation can be found here: [www.stopwaste.org/docs/CCA-Handouts\\_6\\_25\\_14.pdf](http://www.stopwaste.org/docs/CCA-Handouts_6_25_14.pdf)

CCA is one way for local governments to reduce their carbon footprint and to meet their Climate Action Plan goals. There currently are 2 operating CCAs: Marin Clean Energy and Sonoma Clean Power. The success of the Marin and Sonoma CCAs has spurred jurisdictions throughout California to consider forming CCAs.

In the East Bay, the cities of Berkeley, Oakland and Emeryville conducted a CCA business plan in 2008, followed by the City of Berkeley’s report of Benefits and Risks of Implementing CCAs in 2010. East Bay Municipal Utility District discussed the possibility of becoming a CCA in 2012. None of these efforts led to the formation of an East Bay CCA. As a result, some Alameda County jurisdictions have considered joining an existing CCA to accelerate the transition time to clean power procurement and reduce the risks involved in formation of a new CCA. The City of Albany officially expressed its interest in joining the Marin CCA and received a grant to fund its membership analysis with Marin Clean Energy.

Last month, the Alameda County Board of Supervisors authorized up to \$1,325,000 to explore the establishment of a new CCA JPA for Alameda County. This effort would include outreach to jurisdictions, steering committee formation, load data procurement and development of a

feasibility study. The first phase of this project is scheduled to be completed in approximately 18 months. The County will be contacting cities regarding their interest in the next few weeks. The County does not anticipate requesting any funds from interested cities for the first phase of the program.

### **DISCUSSION:**

As the interest grows throughout the County, it is a good time for the Energy Council to explore its potential roles as they relate to CCAs. The current Energy Council JPA specifically states that the Energy Council shall not have the power to operate as a community choice aggregator as that term is defined in Public Utilities Code section 331.1. Unless the Board chose to remove that clause from the JPA, which would require adoption by each member agency governing board, Energy Council will not engage in power procurement and rate setting activities. So far, Energy Council staff are supporting member agencies in their consideration of CCAs by disseminating relevant reports and studies and facilitating conversations at the monthly Technical Advisory Group meetings.

### **Coordination of Energy Efficiency Programs**

Energy Council staff have identified potential overlap with CCAs on the delivery of energy efficiency programs. If some jurisdictions in Alameda County opt to join an existing or newly forming CCA, there is a risk of both fragmentation and duplication in energy efficiency program delivery. In addition to the primary function of power procurement, CCAs can apply to the California Public Utilities Commission (CPUC) for funding to implement energy efficiency programs. All of the current Energy Council projects are also funded from utility ratepayer funds. Energy Council staff met with Marin Clean Energy and Sonoma Clean Power staff to discuss potential coordination if any Energy Council member agencies were to elect to join an existing CCA JPA.

The overlap between different CPUC funded energy efficiency programs (CCAs, Regional Energy Networks, Local Government Partnerships, Investor Owned Utilities/PG&E) could create confusion for customers. For example, the Energy Council implements a multifamily rebate program for the nine-county Bay Area Regional Energy Network. However, this program is not offered in Marin County because the Marin Clean Energy operates its own multifamily program. In the City of Richmond, which is a member of the Marin Clean Energy, both programs are offered. However, the Public Utilities Commission has expressed concern over double-dipping.

In order to minimize confusion for customers and increase the region's competitiveness for funding, the Council could request that member agencies joining a CCA designate the Energy Council as the coordinator of the energy efficiency programs in Alameda County. This could be

followed by creating memorandums of understanding with CCA operators regarding energy efficiency programs. For example, Sonoma Clean Power intends to focus on its core procurement activities while other organizations within the County deliver energy efficiency programs.

#### Leveraging Agency Expertise

Our agency has had 15+ years of experience delivering technical assistance to member agencies, partnering with building professionals and educating homeowners. We are able to leverage other StopWaste programs to offer multiple benefits to our constituents. Some examples:

- In the delivery of multifamily technical assistance, staff has been able to educate property owners on mandatory recycling requirements as well as energy retrofit opportunities.
- In developing new energy and water efficiency programs, the agency is looking to leverage existing client bases, such as schools, industrial kitchens and landscape contractors.
- With our marketing and outreach experience, we were able to leverage the statewide Energy Upgrade California program by offering local programs that benefit our member agencies. For example, we partnered with the City of Dublin on the Dublin Energy Challenge, where residents sign up for a free Home Energy Analyzer to help reduce energy use while benefiting the Friends of the Dublin Library.

#### Technical Advisory Group (TAG) Discussion

The TAG discussed the potential scope of the Energy Council's involvement, including:

- Advising the County on big picture and key policies in CCA formation
- Focusing on areas of programmatic overlap, including providing technical input

Because the County process is still under development at this point, and it is unclear which cities will join the County CCA, it seems that Energy Council focus should be on the coordination of areas of overlap. TAG is very interested in being closely informed of the process and creation of a County CCA steering committee.

#### Potential Next Steps:

- Request County staff to provide regular updates on CCA formation to the Energy Council Technical Advisory Group.
- Request that member agencies joining a CCA designate the Energy Council as the coordinator of the energy efficiency programs in Alameda County.

- Create a Memorandum of Understanding with CCAs operating in Alameda County to allow Energy Council to better target and coordinate the delivery of energy efficiency programs within Alameda County.
- Recommend to the County that the Energy Council Board and Technical Advisory Group representatives serve as members of a CCA JPA Board or advisory committee to increase coordination on energy policy and programs.
- If a County CCA is formed, work with the County to execute a Power Purchase Agreement with Green Ridge to provide wind energy generated at the Authority's property at Altamont.

**RECOMMENDATION:**

Staff requests that the Board consider the different next steps outlined above and provide input and direction to staff.



August 27, 2014

The Honorable Ellen M. Corbett  
Senate Majority Leader  
State Capitol, Room 313  
Sacramento, CA 95814

The Honorable Darrell Steinberg  
Senate President Pro Tem  
State Capitol, Room 205  
Sacramento, CA 95814

**Re: AB 2145 (Bradford) OPPOSE**

Dear Senator Corbett and Senator Steinberg:

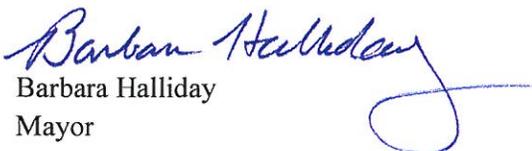
I am writing to express the City of Hayward's opposition to the amended AB 2145. The City of Hayward is currently working with other cities in Alameda County to explore the feasibility of establishing a CCA and AB 2145 would increase costs and uncertainty for an Alameda County CCA if one were formed. I understand that the bill has recently passed out of Committee and will be heading to the Senate floor for a vote. The City of Hayward urges you to completely oppose AB 2145.

The three-county restriction in AB 2145 would increase rates and costs to municipalities attempting to establish Community Choice programs. AB 2145 would prevent cities and counties from grouping together to serve larger numbers of customers in order to buy and generate energy at lower bulk rates and compete on electricity prices with the monopoly utilities. The monopoly utilities have no such geographic restrictions.

A CCA should allow for local control and local accountability. AB 2145 takes customer relations oversight away from local accountable elected officials, and places it in the vast state-level bureaucracy of the CPUC. Setting up a state-level bureaucracy for complaint resolution would delay timely resolution of customer communications and concerns.

AB 2145 would interfere with Hayward's and California's ability to meet its climate action goals, which are crucial to our economy and the sustainability of the planet. The City of Hayward urges you to completely oppose AB 2145, and support allowing local agencies to evaluate and pursue CCA based on local policy direction. Thank you for consideration of our position.

Sincerely,

  
Barbara Halliday  
Mayor

Cc:

Assembly Member Steven Bradford  
Hayward City Council  
Fran David, Hayward City Manager

OFFICE OF MAYOR BARBARA HALLIDAY

777 B STREET, HAYWARD, CA 94541-5007  
TEL: 510/583-4340 • FAX: 510/583-601 • TDD: 510/247-3340  
EMAIL: barbara.halliday@hayward-ca.gov

**DATE:** September 11, 2014

**TO:** City Council Sustainability Committee

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Possible Reorganization of Council Sustainability Committee

**RECOMMENDATION**

That the Committee reviews and comments on this report.

**DISCUSSION**

Mayor Halliday suggested the Sustainability Committee consider a possible reorganization or change in the composition in the Committee's membership. With the recent appointment of Elisa Marquez to the City Council, the Committee has a vacancy. A possible membership makeup might be to keep the three Council members, have one liaison from the Planning Commission, one liaison from the Keep Hayward Clean and Green Task Force, and include two members from the community. The rationale for this is that such a composition would be similar to the Council Economic Development Committee and may lead to Committee discussions and recommendations that are more reflective of the broader community. The addition of two members from the general community would partially fulfill the original intent of the Climate Action Management Team that was envisioned in the 2009 Climate Action Plan. A consideration in support of keeping the current structure would be that the Sustainability Committee is a Council subcommittee that regularly makes policy recommendations to the City Council and Planning Commission, so having a stronger representation by the Planning Commission may be more appropriate for the Committee.

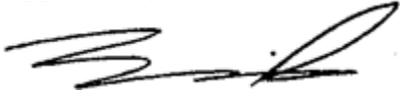
**NEXT STEPS**

If the Committee decides to add two community members, staff would recommend this change as part of next year's recruitment by the City Clerk for Boards and Commissions.

*Prepared by:* Erik Pearson, AICP, Environmental Services Manager

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



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Fran David, City Manager

## Suggested Sustainability Committee Quarterly Meeting Topics for 2014

| Presenting Department                | TOPICS                                                                                 |
|--------------------------------------|----------------------------------------------------------------------------------------|
| <b>APRIL 2, 2014</b>                 |                                                                                        |
| PWU&ES                               | Annual Update on Administrative Rule 3.9 – Environmentally Preferred Purchasing Policy |
| PWU&ES                               | Energy Reduction Initiative & Home Energy Analyzer Pilot Program                       |
| PWU&ES                               | Green Portal ( Website)                                                                |
| PWU&ES                               | WMAC Franchise Agreement                                                               |
| PWU&ES                               | Waste Reduction Report – Annual Update on Recycling Programs                           |
| Maintenance Services                 | Public Landscaping, Tree Maintenance and City Tree Inventory                           |
| <b>MAY 7, 2014 (Special Meeting)</b> |                                                                                        |
| PWU&ES                               | Community Choice Aggregation                                                           |
| <b>JULY 16, 2014</b>                 |                                                                                        |
| PWU&ES                               | Update on Water Supply Outlook and Conservation                                        |
| Eng. & Trans                         | Update on AB 1339 – Commuter Benefits                                                  |
| PWU&ES                               | Update on Options to Address Sea Level Rise                                            |
| PWU&ES                               | Briefing on City Participation in Earth Day Events                                     |
| <b>SEPTEMBER 11, 2014</b>            |                                                                                        |
| Devel. Services & PWU&ES             | Use of Artificial Turf                                                                 |
| PWU&ES                               | Overview of Bicycle Sharing Programs                                                   |
| PWU&ES                               | Update on Property Assessed Clean Energy (PACE)                                        |
| PWU&ES                               | Update on Water Supply and State-Adopted Emergency Water Conservation Regulations      |
| PWU&ES                               | Update on Community Choice Aggregation                                                 |
| PWU&ES                               | Possible Reorganization of Council Sustainability Committee                            |
| <b>DECEMBER 11, 2014</b>             |                                                                                        |
| PWU&ES                               | Pollution Prevention and Stormwater Management                                         |
| PWU&ES                               | Energy Report Update – 2013 Energy Use                                                 |
| PWU&ES                               | California Youth Energy Services (CYES) – Report on 2014 Activities                    |
| PWU&ES                               | Update on PAYS Implementation                                                          |
| PWU&ES                               | Review Agenda Topics For 2015                                                          |