

JUN 10 2008

AUDITS & GOVERNMENTAL EFFICIENCY

**MOTION**

On June 3, 2008, the City Controller released a report entitled "Audit of Energy Conservation Measures in the City," which contains several recommendations to improve energy efficiency in City facilities.

The audit cites two programs that have been implemented to reduce energy consumption. In 1996, Council authorized the General Services Department (GSD) to enter into performance guarantee contracts with four Energy Services Companies (ESCOs) to perform energy audits of City facilities and implement energy conservation measures (C.F. 95-1644). The ESCOs installed conservation measures at 15 facilities and reported \$83,000 in annual energy savings, which translates to approximately \$5500 per building annually.

In 2001, in an effort to further conservation efforts, Council approved a Memorandum of Understanding between the Department of Water and Power (DWP) and the City that provided GSD a \$10 million loan to implement an Energy Conservation Program. GSD has completed energy efficiency retrofits in 87 buildings under this program. Further, GSD estimates that the program achieves \$1.5 million in annual energy savings, which translates to approximately \$17,200 per building annually.

However, GSD has only achieved energy savings in 102 of the 958 total buildings GSD maintains. Based on the most recent savings estimates with DWP, updating the remaining 856 buildings represents approximately \$14.7 million in potential annual savings.

The City should seek to achieve full implementation of the Energy Conservation Program to realize potential annual savings of several million dollars. The audit reports that GSD has \$3.8 million in available funding under the DWP loan, but additional funding may be necessary to implement energy efficiency retrofits in the remaining 856 buildings and this amount is not identified in the audit. A more detailed cost-benefit analysis is necessary to fully implement this program.

I THEREFORE MOVE that the City Administrative Officer, with the assistance of the General Services Department, be instructed to report to Council's Audits and Governmental Efficiency Committee with the following: (1) a cost analysis of the Controller's estimates contained in the "Audit of Energy Conservation Measures in the City," including the estimated cost to retrofit the remaining 856 buildings and whether this amount can be funded by the balance of the original DWP loan; and (2) recommendations on funding the full implementation of energy efficiency retrofits and whether such funding should be provided up front or in phases.

PRESENTED BY: \_\_\_\_\_

  
JOSE HUIZAR

Councilmember, 14<sup>th</sup> District

SECONDED BY: \_\_\_\_\_



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