Energy Fund Transfers and Deposits
Standard Operating Procedures 6.1.9

PURPOSE

The purpose of this standard operating procedure (SOP) is to establish a formal procedure for implementing both fund transfers and rebate/incentive deposits related to energy improvements.

AUTHORITIES

On June 2, 2009, the City Council adopted the San José Energy Plan which extended the energy cost savings transfers to the Energy Fund from 1st year to 1st and 2nd year. This intention was reiterated in the June Budget Message for FY 2009 – 2010 which was approved by the City Council on June 16, 2009.

SCOPE OF APPLICATION

The intended audiences of this SOP are City of San José staff, specifically those in:

- ESD
- Budget Office
- General Services
- Fire
- Library
- Parks, Recreation and Neighborhood Services
- Police
- Public Works
- Transportation

Additional departments/divisions will be impacted by this SOP if they manage an Energy Account associated with an implemented Energy Project.

POLICY

On February 8, 2005, the City Council established a City Building Energy Efficiency Program and associated fund ("Energy Fund") to provide ongoing support for energy efficiency improvement opportunities at City facilities. In order to expand the funds available to pursue additional energy efficiency and solar projects ("Energy Projects"), the City adopted a plan in Fiscal Year (FY) 2007-2008 to return 1st year energy cost savings and associated rebates/incentives from Energy Projects to the Energy Fund. In addition, the City established the Energy Officer position in the Environmental Services Department (ESD) to facilitate the implementation of Energy Projects, to reduce operation and maintenance costs and to reduce environmental impacts.

On October 30, 2007, the City Council adopted the City of San José’s Green Vision which included goals to 1) reduce energy usage by municipal facilities and streetlights by 50% by the year 2022 and 2) power 100% of municipal facilities and streetlights with renewable energy by the year 2022. These bold goals further highlighted the need for the City to implement Energy Projects in a timely manner.
DEFINITIONS

City Entity
An entity, such as a building or streetlight, owned and operated by the City of San José.

Energy Account
Appropriation for energy used at a City Entity where an Energy Project was implemented.

Energy Fund
Account #001-59-000000-7745, which is managed by the ESD.

Energy Fund Transfer Preapproval Form
Attachment 1 to this SOP.

Energy Project
Option identified to reduce energy usage and/or increase the use of renewable energy by a City Entity; funded by the General Fund and not enterprise or other restricted funds (e.g. Integrated Waste Management, Muni Water, Airport, Water Pollution Control Plant, Department of Transportation Parking Fund). Includes new construction projects that receive a PG&E new construction or Savings by Design rebate.

RESPONSIBILITIES

The following positions will have a role in this SOP with the following primary responsibilities:

1. Energy Officer (ESD)
   - Coordinate with affected departments/parties on energy/solar audits, rebate applications and Energy Project implementation
   - Facilitate fund transfers and deposits to the Energy Fund

2. Budget Analyst (ESD)
   - Deposit rebates/incentives
   - Track and report on rebate/incentive deposits and fund transfers to the Energy Fund

3. Senior Engineering Technician (General Services)
   - Coordinate with Energy Officer on energy/solar audits, rebates applications, and Energy Project implementation

4. Budget Analyst (Budget Office)
   - Budget 1st and 2nd year fund transfers to the Energy Fund
5. Departmental Representatives (Energy Account managers)
   • Preapprove fund transfers to the Energy Fund

**PROCEDURES**

The following sections detail the procedures for monies transferred or deposited into the Energy Fund.

**FUND TRANSFERS**

**Fund Transfer Source** - Funds will be transferred to the Energy Fund from the Energy Account associated with the City Entity where an Energy Project was implemented.

**Fund Transfer Amounts** - The 1st and 2nd year fund transfer amounts will be equal to the estimated energy cost savings associated with the Energy Project per a third party energy audit or per a General Services staff estimate when an audit has not been performed. New construction Energy Projects will not transfer any first or second year energy savings as energy savings are integrated into the project design. Projects implemented in FY 2007-2008 through FY 2008-2009 will transfer only the 1st year fund transfer amount. Project implemented in FY 2009-2010 and beyond will transfer both 1st and 2nd year fund transfer amounts.

**Fund Transfer Timing** - The 1st and 2nd year fund transfers will be programmed by a Budget Analyst in the Budget Office during a scheduled budget adjustment period after the completion date of an Energy Project.

**Fund Transfer Process**

<table>
<thead>
<tr>
<th>Responsible Party</th>
<th>Action</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Officer</td>
<td>Submit completed Initial Fund Transfer Preapproval Form to Energy Account manager</td>
<td>Within 7 working days of receipt</td>
</tr>
<tr>
<td>Energy Account Manager</td>
<td>Sign Energy Fund Transfer Preapproval Form and return to Energy Officer. Work will not proceed until preapproval form is signed.</td>
<td>Typically within 90 working days after preapproval receipt</td>
</tr>
<tr>
<td>Energy Officer &amp; Senior Engineering Technician</td>
<td>Coordinate to implement Energy Project. May include a bidding process and/or coordination with other Departments.</td>
<td>Upon project completion</td>
</tr>
<tr>
<td>Energy Officer (ESD)</td>
<td>Note completion date and begin compilation of required energy cost data from PG&amp;E</td>
<td></td>
</tr>
</tbody>
</table>
# Energy Fund Transfers and Deposits
## Standard Operating Procedures

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<thead>
<tr>
<th>Responsible Party</th>
<th>Action</th>
<th>Date</th>
</tr>
</thead>
</table>
| Energy Officer (ESD) | Submit to the Budget Analyst (ESD/OS) fund transfers, for 1\textsuperscript{st} and 2\textsuperscript{nd} year energy cost savings, to the \textit{Energy Fund} | For 1\textsuperscript{st} and 2\textsuperscript{nd} Year (budget adjustment periods):  
  - December 1 (mid-year)  
  - May 1 (spring)  
  - August 1 (year-end) |
| Budget Analyst (ESD) | Submit to the Budget Office fund transfers, for 1\textsuperscript{st} and 2\textsuperscript{nd} year energy cost savings, to the \textit{Energy Fund} | Budget adjustment periods:  
  - January (mid-year)  
  - June (spring)  
  - September (year-end) on actual dates as set forth by the Budget Office. |
| Budget Analyst (CMO) | Approve fund transfer request and budget funds for 1\textsuperscript{st} and 2\textsuperscript{nd} year energy cost savings | Budget adjustment periods:  
  - January (mid-year)  
  - June (spring)  
  - September (year-end) on actual dates as required. |
| Budget Analyst (ESD) | Track transfer amounts and project information:  
  - Location Name  
  - Address  
  - Project Description  
  
  Provide summary of 1\textsuperscript{st} and 2\textsuperscript{nd} year energy cost savings deposited in the Energy Fund to the \textit{Energy Officer}. | Monthly |

## REBATE & INCENTIVE DEPOSITS

City of San José staff will deposit into the \textit{Energy Fund} all rebates and incentives associated with \textit{Energy Projects}, as defined in this SOP.
Rebate Deposit Process

<table>
<thead>
<tr>
<th>Responsible Party</th>
<th>Action</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Officer &amp; Senior Engineering Technician</td>
<td>Coordinate to compile initial paperwork for rebates/incentives</td>
<td>Prior to start of project</td>
</tr>
<tr>
<td>Energy Officer &amp; Senior Engineering Technician</td>
<td>Coordinate to compile final paperwork for rebates/incentives. Rebate checks will be delivered to the Energy Officer.</td>
<td>Within 30 working days of project completion</td>
</tr>
<tr>
<td>Energy Officer (ESD)</td>
<td>Receive rebates/incentives and deliver to Budget Analyst (ESD/OS) with project information: location name, address, project description.</td>
<td>Upon receipt</td>
</tr>
<tr>
<td>Budget Analyst (ESD)</td>
<td>Deposit rebates/incentives in Energy Fund</td>
<td>Within 7 working days of receipt of rebate</td>
</tr>
<tr>
<td>Budget Analyst (ESD)</td>
<td>Track rebates/incentives and project information; provide summary to Energy Officer.</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Therefore, the following will occur based on the following Energy Project funding source and Energy Account funding source project scenarios:

<table>
<thead>
<tr>
<th>Energy Account Funding Source</th>
<th>General Fund</th>
<th>General Fund</th>
<th>General Fund</th>
<th>Enterprise/Restricted Fund</th>
<th>Enterprise/Restricted Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Project Funding Source</td>
<td>General Fund</td>
<td>General Fund - New Construction*</td>
<td>Enterprise/Restricted Fund</td>
<td>General Fund</td>
<td>Enterprise/Restricted Fund</td>
</tr>
<tr>
<td>Energy Fund Receives Rebate</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Fund Receives Fund Transfer</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* For projects that receive new construction/ “Savings by Design” rebates, energy savings are inherent in the project design and there are no energy savings (i.e. no baseline comparison) for transfer into the Energy Fund.

ESD staff shall evaluate this SOP within three years after the implementation date in order to propose any needed modifications.
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Approved:

\s\ Ed Shikada
Chief Deputy City Manager

June 23, 2010

Attachment
Energy Fund Transfer Preapproval Form

Project #

Transfer From: Appropriation # Fund #

Transfer To: Appropriation #3538 (Energy Fund)

Form Submittal Date:

Project Site:

Project Descriptions:

Energy Project Annual Cost Savings Estimate: $

Audit Source:

Estimated Project Completion Date:

Estimated Transfer Period:  □ Jan. (mid-yr) □ June (spring) □ Sept. (year-end)

1st and 2nd Year Transfer Amounts: $

Approved:

Energy Officer, Environmental Services Department Date

Signature, Title, Energy Account Manager, Department Impacted Date

Signature, Title, Budget Analyst, Department Impacted Date

Budget Analyst, Environmental Services Department Date

Budget Analyst, Budget Office Date