



REGULAR MEETING OF THE
MUNICIPAL SERVICES COMMITTEE
Tuesday, June 12, 2012, 4:00 P.M.
100 North Garfield Avenue, Pasadena, Council Chambers

AGENDA

1. **CALL TO ORDER/ROLL CALL**

2. **PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA**

3. **APPROVAL OF MINUTES** – May 22, 2012 – Regular Meeting*


4. **NEW BUSINESS**

- A. Adopt a Resolution to Designate Authorized Representatives to Conduct Transactions and Submit Reports Related to the Greenhouse Gas Emission Cap and Trade Program Pursuant to Assembly Bill 32*

5. **INFORMATION ITEMS**

- A. Sewer Master Plan Update (Public Works)
B. Consumer Confidence Report and Perchlorate Update

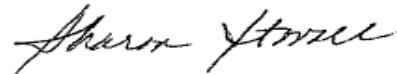
6. **ADJOURNMENT**


Margaret McAustin, Chair
Municipal Service Committee

*Attachment

POSTING STATEMENT:

I HEREBY CERTIFY that this Agenda, in its entirety, was posted on the Council Chamber Bulletin Board S249, the bulletin board in the rotunda area at City Hall, 100 North Garfield Avenue, the City Clerk's Office, and a copy was distributed to the Central Library for posting on the 7th day of June, 2012 by 4:00 p.m.



Sharon Stovall

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**CITY OF PASADENA
REGULAR MEETING OF THE CITY COUNCIL
MUNICIPAL SERVICES COMMITTEE
MAY 22, 2012
COUNCIL CHAMBERS
100 N. GARFIELD AVENUE (2ND FLOOR)**

OPENING

The Chair, called the regular meeting of the Municipal Services Committee to order at 4:07 p.m.

ROLL CALL:

Vice Mayor Margaret McAustin, Chair
Mayor Bill Bogaard
Councilmember Terry Tornek

Staff:

Julie Gutierrez, Assistant City Manager
Phyllis Currie, General Manager of Water and Power
Siobhan Foster, Director of Public Works
Gurcharan Bawa, Assistant General Manager of Water and Power
Erik Klinkner, Assistant General Manager of Water and Power
Shan Kwan, Assistant General Manager of Water and Power
Lisa Hosey, Deputy City Attorney
Thanos Gauthier, Public Works Superintendent
Richard Thompson, Utility Services Planning Supervisor
Carmen Rubio, Program Coordinator II
Sandra Robles, Recording Secretary

PUBLIC COMMENT

No one appeared for public comment.

APPROVAL OF MINUTES

It was moved by Councilmember Tornek, seconded by Mayor Bill Bogaard, to approve the minutes of April 24, 2012, as submitted and corrected. (Motion unanimously carried)

NEW BUSINESS

ADOPT RESOLUTION APPROVING WATER SERVICE REGULATION

Shan Kwan, Assistant General Manager of the Water and Power Department, provided a PowerPoint presentation summarizing the City's proposed water regulations, purpose of the resolution and timeline, and responded to questions.

Richard Thompson, Utility Services Planning Supervisor, responded to questions regarding the regulation and responsibility of the installation of required plumbing pressure regulators.

Following discussion, the Committee, by consensus, directed staff to provide further information on comparable regulations from surrounding cities and the responsibility of the installation of mandated plumbing pressure regulators, when presenting the item to the City Council at the June 4, 2012 meeting.

The Chair suggested that staff post the proposed water service regulations on the City's website.

It was moved by Councilmember Tornek, seconded by Mayor Bill Bogaard, to approve the staff recommendation and forward the item to the City

Council for consideration, with staff to present the requested information.
(Motion unanimously carried)

ADOPTION OF A RESOLUTION AND SETTING OF A PUBLIC HEARING TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISE RENEWAL

Carmen Rubio, Program Coordinator II, reviewed the agenda report as part of a PowerPoint presentation, and responded to questions.

In response to the Chair's request for information on the possibility of requiring alternative fuel vehicles as part of a 2013 review of the franchise system, Siobhan Foster, Director of Public Works, indicated that a comprehensive review will be provided to the Committee in December 2013.

Following discussion, it was moved by Councilmember Tornek, seconded by Mayor Bill Bogaard, to approve the staff recommendation and forward the item to the City Council for consideration. (Motion unanimously carried)

INFORMATION ITEMS

UPDATE ON POWER SUPPLY MATTERS

Gurcharan Bawa, Assistant General Manager of the Water and Power Department, provided a PowerPoint presentation updating the Committee on several power supply matters currently in progress, including the GT1 project, Intermountain Power Project, biogas issues, California GHG Cap and Trade program, and responded to questions.

Phyllis Currie, General Manager of the Water and Power Department, responded to questions regarding the fiscal insurance agreement for the GT1 project and Environmental Protection Agency (EPA) regulations.

Following discussion, on the order the Chair, and by consensus of the Committee, the information was received and filed.

PUBLIC BENEFIT PROGRAM FUND AND RESULTS UPDATE

Erik Klinkner, Assistant General Manager of the Water and Power Department, provided a PowerPoint presentation summarizing the Department's energy efficiency goals, Public Benefit Charge revenues, expenditures, fund balance, solar programs, and responded to questions.

Following a brief discussion, on the order of the Chair, and by consensus of the Committee, the information was received and filed

INTEGRATED WASTE MANAGEMENT – PROPOSED OPERATIONAL EFFICIENCIES

Thanos Gauthier, Public Works Superintendent, summarized the staff report as part of the PowerPoint presentation, and responded to questions.

The Chair suggested that staff display the contact number on the trash collection trucks in order for residents to report scavenging of trash bins.

Following discussion, the Committee, by consensus requested that staff amend their policy in order not to charge residents when downsizing their trash bins.

In response to the Committees request, Siobhan Foster, Director of Public Works, stated that staff will bring an amendment to the General Fee Schedule scheduled for consideration at the City Council meeting on June 4, 2012, which will reflect the Committee's request.

On the order of the Chair, and by consensus of the Committee, the information was received and filed

At the Chair's request, Ms. Currie, provided an oral update of the ongoing discussions with NASA and the EPA regarding further investigations into potential perchlorate contaminations in the water wells.

ADJOURNMENT

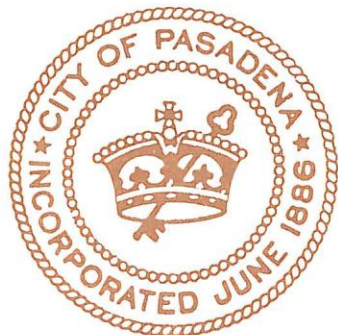
On the order of the Chair, the regular meeting of the Municipal Services Committee was adjourned at 6:14 p.m.

ATTEST:

MARGARET McAUSTIN, Chair
Municipal Services Committee

Sandra S. Robles
Recording Secretary

4.A



Agenda Report

July 9, 2012

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (June 12, 2012)

FROM: Water and Power Department

SUBJECT: ADOPT A RESOLUTION TO DESIGNATE AUTHORIZED REPRESENTATIVES TO CONDUCT TRANSACTIONS AND SUBMIT REPORTS RELATED TO THE GREENHOUSE GAS CAP-AND-TRADE PROGRAM PURSUANT TO ASSEMBLY BILL 32.

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed resolution is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule);
2. Adopt a resolution to:
 - A. Designate the General Manager of the Water and Power Department ("PWP") as the "Designated Representative" to submit required reports and the "Authorized Account Representative" to conduct transactions related to the greenhouse gas ("GHG") cap-and-trade program established by the California Air Resources Board ("CARB") pursuant to Assembly Bill 32, the Global Warming Solutions Act of 2006 ("AB 32") ; and
 - B. Designate the PWP Assistant General Manager as the "Alternate Designated Representative" and the "Alternate Authorized Account Representative."

BACKGROUND:

On December 22, 2011, the CARB issued the final Regulation Order for the GHG cap-and-trade program as required under AB 32. The program is a central element of AB 32 and covers major sources (“Covered Entities”) of GHG emissions in the State such as refineries, power plants, industrial facilities, and transportation fuels. Among other things, the program establishes new, more stringent reporting requirements and a new mandatory auction mechanism to buy and sell GHG emissions credits.

The cap-and-trade program requires that all Covered Entities, including PWP, designate one Authorized Account Representative and one Alternate Authorized Account Representative to conduct GHG offset and allowance transactions as necessary to fulfill program requirements, and to commit the local utility and City under the cap-and-trade rules and regulations. All Covered Entities must also designate a Designated Representative and an Alternate Designated Representative to fulfill reporting requirements and similarly commit the local utility and City under the mandatory reporting regulations.

Resolution Number 9063, dated October 4, 2010, authorizes the PWP General Manager to enter into contracts for “the purchase, sale, exchange, storage, and other transfers...of carbon-related permits, credits, allowances, certificates, offsets and similar instruments.”

While Resolution 9063 is sufficient authorization to participate in the forthcoming GHG credit auctions, it does not clearly designate the Authorized Account Representatives and Designated Representatives required under the cap-and-trade program. Adoption of the proposed resolution would unequivocally authorize the PWP General Manager and Assistant General Manager(s) to fulfill the duties and responsibilities under the cap-and-trade program on behalf of the City. This would meet the requirements of the California Code of Regulations, Title 17, Div. 3, Ch. 1, Subchapter 10. Any representations, actions, inactions, or submissions by the designated representatives shall be binding upon the City.

Thus far, PWP has not exercised its authority to purchase or sell any GHG credits in advance of the first auction to be conducted by CARB in November. Under the current cap-and-trade program rules, PWP will be required to sell all of its allocated emission credits in the CARB auction, and purchase all credits necessary for compliance from the CARB auction. PWP will periodically update the Municipal Services Committee and City Council as trades are executed and the emission credit market evolves.

COUNCIL POLICY CONSIDERATION:

The proposed resolution is in accordance with new State CARB regulations and consistent with the City's Urban Accords Goals with respect to GHG emission reduction goals, the General Plan Energy Element, the City Council's Strategic Planning Goals, and the 2011 Power Integrated Resource Plan. This is a required mechanism to help PWP achieve regulatory compliance as well as City Council goals in a cost-effective manner.

ENVIRONMENTAL ANALYSIS:

The resolution has been reviewed for compliance with the CEQA and has been determined to be exempt per Section 15061(b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed resolution is an administrative function and will not cause a change in the environment.

FISCAL IMPACT:

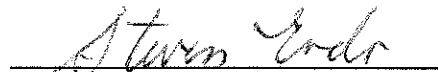
While it is not possible to estimate the quantity, value, or price differential of GHG allowances that may be purchased, sold, or transferred, PWP anticipates that the primary use of such trades will be limited to covering short-term compliance shortfalls when other alternatives are not available or are more costly. The requirement to sell PWP's free allocation of emissions credits in the auction and repurchase emissions credits necessary to meet obligations could, in itself, lead to several million dollars in additional costs or revenues. Costs and revenues from trading GHG allowances for the Power utility will be debited or credited into the Energy Charge component of Pasadena's electric energy rates. Any net increase or decrease in Power costs will be covered by an increase or decrease in the Energy Service Charge on the electric bill.

Respectfully submitted,



Phyllis E. Currie
General Manager
Water and Power Department

Prepared by:



Steven K. Endo
Principal Engineer

Approved by:



MICHAEL J. BECK
City Manager

Attachments:

Attachment A – Resolution

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
DESIGNATING THE GENERAL MANAGER AND ASSISTANT GENERAL
MANAGER OF THE WATER AND POWER DEPARTMENT AS AUTHORIZED
REPRESENTATIVES UNDER THE GREENHOUSE GAS EMISSION
REDUCTION PROGRAM OF THE CALIFORNIA AIR RESOURCES BOARD**

WHEREAS, the City of Pasadena, through its Water and Power Department, operates an electric utility to meet the electric demands of its customers and other wholesale obligations; and

WHEREAS, the Water and Power Department procures, generates, and imports electrical energy from fossil fuel burning generation resources that generate greenhouse gas emissions; and

WHEREAS, on September 27, 2006, California Assembly Bill 32, the Global Warming Solutions Act of 2006 (“AB 32”), was signed into law; and

WHEREAS, on December 22, 2011, the California Air Resources Board (“CARB”) issued the final regulations, California Code of Regulations, Title 17, Div. 3, Ch. 1, Subchapter 10, to implement AB 32 (hereinafter the “Cap-and-trade Program”; and

WHEREAS, the CARB regulations require, amongst other things, the City to appoint primary and alternate: “Authorized Account Representatives” to conduct transactions; and “Designated Representatives” to submit required reports related to the Cap-and-trade Program; and

WHEREAS, on October 4, 2010, the City Council adopted Resolution Number 9063 to authorize the General Manager of the Water and Power Department to enter into agreements for the purchase, sale, exchange, storage, and other transfers of carbon-related permits, credits, allowances, certificates, offsets and similar; and

WHEREAS, the City by this Resolution demonstrates its intent to fully comply with all requirements of the Cap-and-trade Program.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The General Manager of the Water and Power Department is hereby appointed as the City's "Authorized Account Representative" to conduct transactions and the "Designated Representative" to submit required reports related to the Cap-and-trade Program.

2. The Assistant General Manager of the Water and Power Department is hereby appointed as the City's "Alternate Authorized Account Representative" to conduct transactions and the "Alternate Designated Representative" to submit required reports related to the Cap-and-trade Program.

3. Said Designated Representative and Authorized Account Representative, and Alternate Designated Representative and Authorized Account Representative (collectively "Representatives") are hereby delegated such power and authority as is necessary to comply with the Cap-and-trade Program.

4. The Representatives and all other City officials are hereby directed to do all acts necessary and proper to effectuate the City's compliance with the Cap-and-trade Program.

Adopted at the regular meeting of the City Council of the City of Pasadena on the ____ day of _____, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

Lisa Hosey
Deputy City Attorney