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**AGENDA
MUNICIPAL SERVICES COMMITTEE
MEETING NOTICE
JANUARY 28, 2020
PUBLIC MEETING 4:00 P.M.**

MEMBERS

Margaret McAustin, Chair, District 2
Terry Tornek, Mayor
Tyron Hampton, Vice Mayor, District 1
Andy Wilson, District 7

STAFF

Gurcharan Bawa, General Manager
Brad Fuller, Assistant City Attorney
Valerie Flores, Recording Secretary

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*Materials related to an item on this Agenda submitted to the Municipal Services Committee Committee **after** distribution of the agenda packet are available for public inspection in the City Clerk's Office at 100 N. Garfield Avenue, Room S-228, Pasadena, during normal business hours.*



REGULAR MEETING OF THE
MUNICIPAL SERVICES COMMITTEE
Tuesday, January 28, 2020 at 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** – November 12, 2019 (Regular Meeting)*
November 26, 2019 (Canceled Meeting)*
4. **INFORMATION ITEMS**
 - A. Electric Rate Update*
 - B. Update on Low Income and Direct Install Efficiency Programs*

5. **ADJOURMENT**

*Attachment

NEXT MEETING
February 11, 2020

Margaret McAustin, Chair
Municipal Service Committee

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 23rd day of January 2020 by 6:00 p.m.

Susana Castro

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**CITY OF PASADENA
MUNICIPAL SERVICES COMMITTEE MINUTES
PASADENA CITY HALL
100 NORTH GARFIELD AVENUE
CITY HALL COUNCIL CHAMBER – S249
NOVEMBER 12, 2019
REGULAR MEETING**

OPENING The Chair called the regular meeting of the Municipal Services Committee to order at 4:12 p.m.

ROLL CALL: Councilmember Margaret McAustin (Chair)
Mayor Terry Tornek
Vice Mayor Tyron Hampton
Councilmember Andy Wilson (Absent)

Staff: Julie Gutierrez, Assistant City Manager
Lisa Hosey, Assistant City Attorney
Eric Klinkner, Assistant General Manager of Water and Power
Marvin Moon, Assistant General Manager of Water and Power
Jennifer Guess, Manager Analyst IV
Heather Torres, Customer Service Supervisor
Valerie Flores, Recording Secretary

PUBLIC COMMENT Cheryl Auger and Susan Dembowski, Ban Single-Use Plastics (SUP), advocated for the City to ban single-use plastic, to provide educational outreach at district meetings on the changes in residential recycling, and urged the City to set immediate reduction goals.

The Chair asked staff to offer a short video clip on the changes in residential recycling.

APPROVAL OF MINUTES It was moved by Mayor Tornek, seconded by Vice Mayor Hampton, to approve the minutes of September 24, 2019 (regular meeting), as submitted. (Motion unanimously carried) (Absent: Councilmember Wilson)

NEW BUSINESS **ADOPTION OF THE WATER AND POWER DEPARTMENT WILDFIRE MITIGATION PLAN**

Eric Klinkner and Marvin Moon, Assistant General Managers of Water and Power Department, jointly provided a PowerPoint presentation reviewing the agenda item, and responded to questions.

Vice Mayor Hampton asked staff to inquire if there is a nontoxic flame retardant product available that could be applied to trees that would be effective in the high-risk areas.

The Mayor asked staff to identify areas with an elevated fire risk due to overhead power lines; define an elevated versus extreme fire risk area; and provide information on the specific actions to be taken as part of the next phase of the Wildfire Mitigation Plan.

Marvin Moon, responded to questions, and noted that the budget cycle for Fiscal Year 2021 will include specific actions taken as it relates to the Plan.

The Chair spoke in agreement with the Mayor's comment above, and requested that staff also identify the facilities that the power lines support.

Following discussion, it was moved by Mayor Tornek, seconded by Vice Mayor Hampton, to approve staff's recommendation, and forward the item to the full City Council for consideration. (Motion unanimously carried) (Absent: Councilmember Wilson)

INFORMATION ITEM

IMPLEMENTATION OF THE WATER SHUTOFF PROTECTION ACT OF 2018

Jennifer Guess, Management Analyst IV, Water and Power Department, provided a PowerPoint presentation reviewing the agenda item, and responded to questions.

Following discussion, Vice Mayor Hampton expressed his concerns regarding the reconnect fees for low-income customers and requested staff to provide him with a copy of the water cost-of-service study; expressed concerns regarding outstanding balances at properties that are pending sale or in escrow, and asked that staff review potential debt collection measures through the sale of the property.

Heather Torres, Customer Service Supervisor, responded to questions regarding the City's outstanding debt collection process.

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

ADJOURNMENT

On the order of the Chair, the regular meeting of the Municipal Services Committee was adjourned at 5:06 p.m.

Councilmember Margaret McAustin, Chair
Municipal Services Committee

ATTEST:

Valerie Flores
Recording Secretary

**CITY OF PASADENA
REGULAR MEETING OF THE CITY COUNCIL
MUNICIPAL SERVICES COMMITTEE
NOVEMBER 26, 2019
COUNCIL CHAMBERS – ROOM S-249
100 N. GARFIELD AVENUE (2ND FLOOR)**

The regular meeting of the Municipal Services Committee, scheduled for Tuesday, November 26, 2019 at 4:00 p.m., was cancelled as ordered on November 21, 2019, and posted as required by law.

Margaret McAustin, Chair
Municipal Services Committee

ATTEST:

Valerie Flores
Recording Secretary

4.A




PASADENA WATER AND POWER

MEMORANDUM

January 28, 2020

To: Municipal Services Committee

From: Gurcharan S. Bawa 
General Manager

Subject: **Electric Rate Update**

This report is for information only.

BACKGROUND:

Pasadena Water and Power (“PWP”) is in the early phases of a multi-year effort to adapt policies, systems, products, services and rate structures to accommodate evolving trends in the electrical industry while ensuring the long-term viability of the electric utility.

Implementation of the Grid Access Charge on July 1, 2019 was the first significant evolutionary step in PWP’s rate design following City Council approval in June 2019. The Grid Access Charge is a new, fixed monthly charge that recovers a portion of PWP’s fixed costs to build, maintain, and operate PWP’s distribution infrastructure that is needed to provide reliable electric services for all customers at all times. This equipment is needed regardless of how much energy a customer uses, thus, the Grid Access Charge is the same for all customers within each class (e.g., Residential or Small Commercial, Medium Commercial, etc.) to help ensure that each customer pays their fair share of the fixed costs for the local electric grid.

Replacement of PWP’s billing and customer information system is another major endeavor that is necessary to facilitate modern utility services that customers expect. This project is scheduled to be completed by late 2021 and is a necessary precursor to implementing advanced metering infrastructure and complex rate structures that will be needed to address future needs and customer demands.

An electric cost of service and rate study has been initiated to support the development of future electric rates. The study will include an updated cost of service allocation model, a proposed future rate structure, a transition plan to make substantive annual progress toward implementing the future rate structure, and preparation of materials needed to substantiate electric rate proposals. Staff anticipates completion of the cost of service study by summer 2020, followed by electric rate amendment proposals.

While the cost of service study and future rate proposals are under development, staff has identified a number of potential rate changes that would be beneficial to address prior to completion of the cost of service study. At a conceptual level, the near-term rate actions under consideration include:

- Updating “Character of Service” definitions for Residential and Small Commercial customer classes to address certain situations where Residential customers are currently charged at Small Commercial rates, and likewise where Small Commercial customers are charged at Medium Commercial rates, due to their electric service voltage or having a three-phase service. This is a minor clean-up issue;
- Lowering the rate premium for PWP’s optional Green Power Service to reflect current market rates. A lower rate for Green Power Service could result in more participation in this voluntary program in support of the City’s Climate Action Plan and sustainability goals; and,
- Net Energy Metering (“NEM”) allows customers with qualifying solar photovoltaic systems installed on their properties to receive the full retail electric rate value for any energy delivered from their solar system to the utility, thus resulting in lower electric bills reflecting charges that only apply to their net use of electricity. Under state law, PWP is no longer required to offer NEM rates after PWP has met its NEM rate cap (e.g., when capacity of installed solar under the original NEM rate schedule reaches 5% of PWP’s peak system load). As staff anticipate achieving the NEM rate cap soon¹, there is a pressing need to establish a new rate schedule for customers that wish to install solar photovoltaic systems in the future.

Staff continues to work on the details of these concepts, and anticipates bringing forth the specifics and a recommendation to set a Public Hearing date before the end of Fiscal Year 2020 for the City Council to consider the proposed near-term rate amendments.

¹ Assuming an NEM cap of 15 MW, based on PWP’s five-year average 299 MW peak demand, the current number of installed systems plus applications in the queue for NEM already exceeds the NEM cap.

4.B




PASADENA WATER AND POWER

MEMORANDUM

January 28, 2020

To: Municipal Services Committee

From: Gurcharan S. Bawa 
General Manager

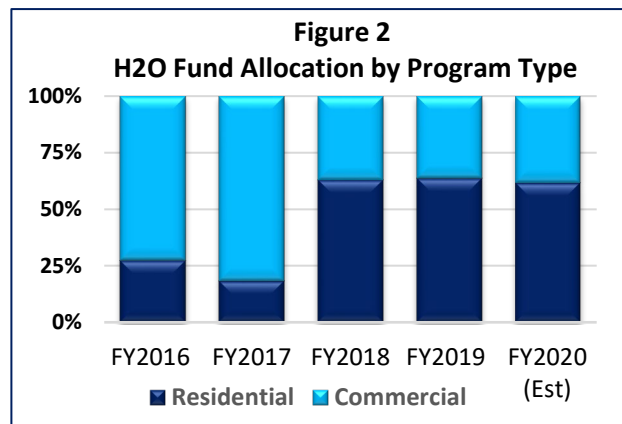
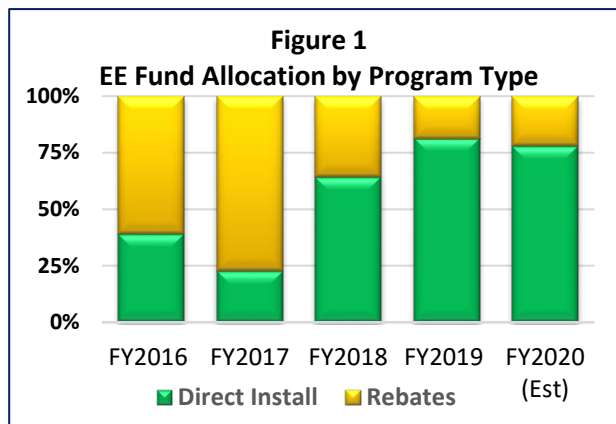
Subject: Update on Low Income and Direct Install Efficiency Programs

This item is for information only.

Executive Summary:

Pasadena Water and Power (“PWP”) offers a variety of energy and water efficiency programs to all its customers. These programs include education and outreach, rebates, and “direct install” programs that provide free installation of water and energy conserving equipment and measures to qualifying customers. PWP also provides monthly electric bill credits for eligible seniors, customers with qualifying medical devices, and low-income customers enrolled in the Electric Utility Assistance Program (“EUAP”).

Historically, PWP’s energy efficiency (“EE”) programs provided generous rebates to large commercial projects in order to maximize energy savings with lower administrative burden and overall cost. Over the past few years, PWP has reduced the size of many individual commercial EE rebates in order to provide more funding for programs that better serve residential, low-income customers, and small- to medium-sized businesses located within disadvantaged communities (“DAC”). As shown in Figure 1, this has resulted in a shift of EE funding away from rebate programs to provide more funding for no-cost “direct install” programs that are more tailored towards these underserved customer groups. Likewise, the funding for residential programs has increased significantly and now represents a majority share of EE spending, as shown in Figure 2. Despite the shift in funding, PWP has thus far been able to achieve its aggressive EE goals.



Low Income Residential Customer Programs:

PWP’s low income customers can qualify for monthly electric bill credits through the EUAP. They have access to additional products and services through enhanced direct install programs, and they receive higher cash incentives (“bonus rebates”) when applying for any of PWP’s electric program rebates in addition to the EUAP bill credits. Project APPLE provides a one-time electric bill credit of up to \$100 each year to help eligible low-income customers keep their lights on when facing a financial hardship.

The EUAP was enhanced with a larger monthly bill credit and broader applicability starting July 2019 (see Attachment A for details). The basic benefit amount, applicable to all participants, was increased from \$7.50 to \$10/month. In addition to the basic benefit, some customers qualify for a waiver of the Public Benefits Charge (“PBC”) and/or the Utility Users Tax on all utility services. As a result of increasing the maximum annual income limits for EUAP eligibility, PWP has seen a 3% increase in EUAP enrollment and a 28% increase in fiscal year-to-date benefits awarded through November 2019, and this upward trend is expected to continue.

Table I – Electric Rate Assistance Program Summary Results

Fiscal Year (“FY”)	FY2018	FY2019	FY2020 Forecast
Customers enrolled in PWP Bill Assistance	3,923	4,019	4,300
Customers participated in Project APPLE	906	854	972
Bill Assistance Benefits (\$)	\$544,250	\$574,429	\$614,592

Income-qualified EUAP customers can participate in Pasadena’s Under One Roof program that provides an expansive range of enhanced free services. Under One Roof consolidates numerous programs and services provided by other City departments with a broader range of direct install options made possible through grant funding and partnerships with the Southern California Gas Company (“SoCalGas”) and other community agencies.

Income-qualified EUAP customers who choose to participate in PWP’s standard rebate programs receive “bonus” incentives to help offset the upfront costs of adopting more efficient and sustainable technology. For example, PWP’s Home Energy Rebate Program provides double rebate amounts for common household items like dishwashers, refrigerators and much more. PWP is also offering a \$1,000 bonus rebate to encourage income-qualified customers to buy or lease a new or used electric vehicle.

Finally, EUAP customers can indirectly benefit from the direct installation programs that target small- and medium-sized commercial customers in the DAC. These businesses provide both services and employment opportunities in communities where many EUAP customers reside, and the direct install programs can improve the appearance, efficiency, and quality of facility while reducing water, electric, and natural gas utility costs.

As a community and environmental partner, the utility is committed to making sure its low-income customers have plenty of options to save money on their monthly bill while incorporating various elements of sustainability.

Direct Install Programs

Direct install programs are particularly effective in achieving efficiencies and reaching “hard-to-serve” customers because no upfront investment is needed from the customer and multiple efficiency measures are installed in just a few visits. As a result, this captures additional conservation opportunities that might otherwise be out of reach. Since the utility bears the entire cost from start to finish, direct install programs tend to be less cost effective (from a utility cost per unit of water or energy saved) than conventional rebate offerings, but they result in higher customer satisfaction across the board. A key component of PWP’s direct install programs is an on-site evaluation tailored to each residence or business. This customer-centric service allows PWP to become a trustworthy partner, providing valuable services to customers that need them the most.

PWP currently offers three direct install programs, including the Water and Energy Direct Install Program (“WeDIP”) for small- and medium commercial customers; the Home Improvement Program (“HIP”) that is available to all residential customers; and, the Under One Roof program that is available to income-qualified EUAP customers. Direct install program highlights and expenditures are summarized in Table II (see Attachment B for additional information on residential direct install services).

Table II – FY19 Direct Install Program* Highlights

WeDIP: Small Business	HIP: Residential	Under One Roof: Low Income
<ul style="list-style-type: none"> • Expanded kitchen/restaurant (<i>dishwashers; steamers; faucets</i>) and multi-family common area measures (<i>clothes washers</i>) • 342 businesses served <ul style="list-style-type: none"> ○ 64% percent in DAC 	<ul style="list-style-type: none"> • Added new model of smart thermostat to program • 650 home/year average • 698 homes served FY19 <ul style="list-style-type: none"> ○ 22% low income ○ 36% moderate income 	<ul style="list-style-type: none"> • Added new smart thermostat and smart irrigation controllers • Increased Monthly Bill Credit • Enhanced Marketing Efforts (Bill Inserts/Neighborhood Canvassing) • 315 households served in FY19
<ul style="list-style-type: none"> • Expenditure \$1,444,815 	<ul style="list-style-type: none"> • Expenditure: \$1,445,281 	<ul style="list-style-type: none"> • Direct Install expenditure: \$312,940 • Bill assistance, incl. APPLE: \$574,429 • Bonus rebates: \$3,000
<ul style="list-style-type: none"> • \$305,829 grant/external funding 	<ul style="list-style-type: none"> • \$158,401 external funding 	<ul style="list-style-type: none"> • \$55,292 grant/external funding
<p>WeDIP launched in 2013 to provide free water and energy installation services to small business customers that could not participate in PWP’s rebate programs due to cost constraints. It was expanded in 2018 to include additional services, eligibility for medium commercial customers, and actively recruit small businesses in the DAC census tract area. The California Department of Water Resources grant requires that 85% of grant funding be spent on services in the DAC area.</p>	<p>The HIP is a free install program that is open to all PWP residential customers. PWP has focused substantial marketing efforts on low-to moderate-income and elderly customers. The HIP improves overall comfort and efficiency using approved contractors at no cost to the homeowner; thereby overcoming common barriers for residential customers.</p>	<p>Under One Roof offers all of the services under the HIP, plus many more water, gas, and electric saving measures. Home upgrades and repair services are available through the City’s Municipal Assistance, Solutions, and Hiring (“MASH”) program. Renters and homeowners can receive numerous home improvements that help conserve energy through the SoCalGas Energy Savings Assistance Program (“ESAP”).</p>

* Although not included in Table II, expenses for PWP’s Home Energy Reports behavioral energy efficiency program are also classified direct installation since they are provided to all residential customers at no cost.

Program Funding:

Funding for PWP’s low income bill assistance programs is provided by PBC revenues, plus voluntary contributions from PWP customers for a portion of the Project APPLE expenditures. Direct install program funding is provided by PBC revenues, water rate revenues, various grants, and reimbursements from other agencies. Table III summarizes the FY2019 program funding sources.

Table III – FY2019 Low Income and Direct Install Program Funding Sources

Program Name	PBC Fund	Water Fund	External Amount	External Sources	Total
EUAP Bill Assistance	\$471,949				\$471,949
Project APPLE	\$97,437		\$5,043	Customer Donations	\$102,480
Under One Roof: <i>All Direct Install Except MASH</i>	\$235,000	\$22,648	\$55,292	MWD MAAP; Bureau of Reclamation	\$312,940
HIP Direct Install	\$976,110	\$310,770	\$158,401	SoCalGas	\$1,445,281
Home Energy Reports	\$366,500				\$366,500
WeDIP Direct Install	\$905,371	\$233,615	\$305,829	DWR Grant; SoCalGas	\$1,444,815

PWP’s direct install program water efficiency measures are funded by water rate revenues and reimbursements from SoCalGas, the Metropolitan Water District’s Member Agency Administered Program (“MWD MAAP”), and two grants. In 2017, PWP secured a \$1,245,570 grant from the Department of Water Resources (“DWR”) to expand the WeDIP program. The DWR grant program provides funding to implement water efficiency programs or projects that reduce greenhouse gas emissions and reduce water and energy use. The grant funds enabled PWP to offer additional efficiency measures with emphasis on commercial customers located in the DAC census tract area. To date, \$556,865 (45%) of DWR grant funds have been expended, with the remaining balance of grant funds expected to be spent through FY2021. The Under One Roof greywater program has utilized over 56% of a \$100,000 grant from the Federal Bureau of Reclamation (“BOR”), and receives up to \$25,000 per year reimbursement from MWD’s MAAP program for direct install landscape services.

For its energy efficiency direct install programs, PWP leverages the inter-utility partnership with SoCalGas to cost share various direct install programs that provide electric and natural gas savings for its joint customers. PWP is the lead implementer for the HIP and WeDIP, and submits reimbursement requests to SoCalGas on a quarterly basis. In FY19, PWP received over \$158,000 in reimbursements for the HIP and roughly \$8,400 for the WeDIP program. Through PWP’s partnership with SoCalGas, the enhanced ESAP is one of the most popular offerings in the City’s Under One Roof initiative. As lead implementer for the ESAP, SoCalGas runs the program and invoices PWP on a monthly basis for PWP’s share of work completed on energy and water savings services.

Update on Low Income and Direct Install Efficiency Programs

Attachment A

Electric Utility Assistance Program (“EUAP”)

Low-Income (EUAP)

Low-income customers between the ages of 18 and 61 who qualify according to the table below can receive **\$10 per month credit** on their bill.

Age or Disability Qualification (“Cares”)

Low-income seniors or customers with a permanent disability who qualify according to the table below can receive **\$10 per month bill credit and their Public Benefits Charge (“PBC”) charges waived.**

Age or Disability Qualification (“Cares Plus”)

Low-income seniors or customers with a permanent disability* at the lowest income level according to the table below can receive **\$10 per month bill credit, their PBC charges waived, and their Utility Users Taxes waived.**

Income Qualification Levels

Household Size	1	2	3	4	5	6	Each Additional Person
EUAP income level	\$36,550	\$41,800	\$47,000	\$52,200	\$60,340	\$69,180	+\$8,840
Cares income level	\$36,550	\$41,800	\$47,000	\$52,200	\$60,340	\$69,180	+\$8,840
Cares Plus Income Level	\$12,000	\$16,000	\$20,000	\$24,000	\$28,000	\$32,000	+\$4,000

Update on Low Income and Direct Install Efficiency Programs

Attachment B

Residential Direct Install Program Comparison

The following services are offered at no charge to PWP's residential customers. Customers must meet the income qualifications for the EUAP to participate in the Under One Roof program.

	Under One Roof Income Qualified Residential	Home Improvement Program All Residential
Energy Saving	<ul style="list-style-type: none"> • LED Lamps & LED Night Light • Central A/C tune up • Attic insulation • Duct sealing • Weather stripping, air sealing, caulking • Whole house ventilation fan • Smart Thermostat • Smart Power strip • Room A/C replacement • Refrigerator assessment & replacement • Torchiere replacement • Ceiling fan replacement • Furnace repair or replacement* • Clothes Washer replacement* • Water Heater repair or replacement* • Water Heater Blankets* • Occupancy sensors • Box Fans 	<ul style="list-style-type: none"> • LED Lamps • Central A/C tune up • Attic insulation • Duct sealing • Weather stripping, air sealing caulking • Whole house ventilation fan • Smart Thermostat • Smart Power strip
Water Saving	<ul style="list-style-type: none"> • Toilet replacement • Low flow showerheads • Bathroom/Kitchen Aerators • Thermostatic valves • Toiler flapper replacement • Drip irrigation; smart controller; soil moisture sensor; and rotating sprinkler nozzles • Turf removal; drought tolerant plants; mulch • Laundry-to-landscape greywater system 	<ul style="list-style-type: none"> • Toilet replacement • Low flow showerheads • Bathroom/Kitchen Aerators • Thermostatic valve • Toilet flapper replacement • Drip irrigation; smart controller; soil moisture sensor; and rotating sprinkler nozzles
Additional Services	<ul style="list-style-type: none"> • Minor repairs to exterior doors/windows • Home repairs, wheelchair ramp, handrails, lead paint stabilization • PWP bill payment assistance • Double Home Energy Rebates • Low to No Interest Home Loans • Additional \$1,000 Rebate for EVs 	