



Unified Port
of San Diego

Concepts for a Sustainable Leasing Policy Incentive Framework

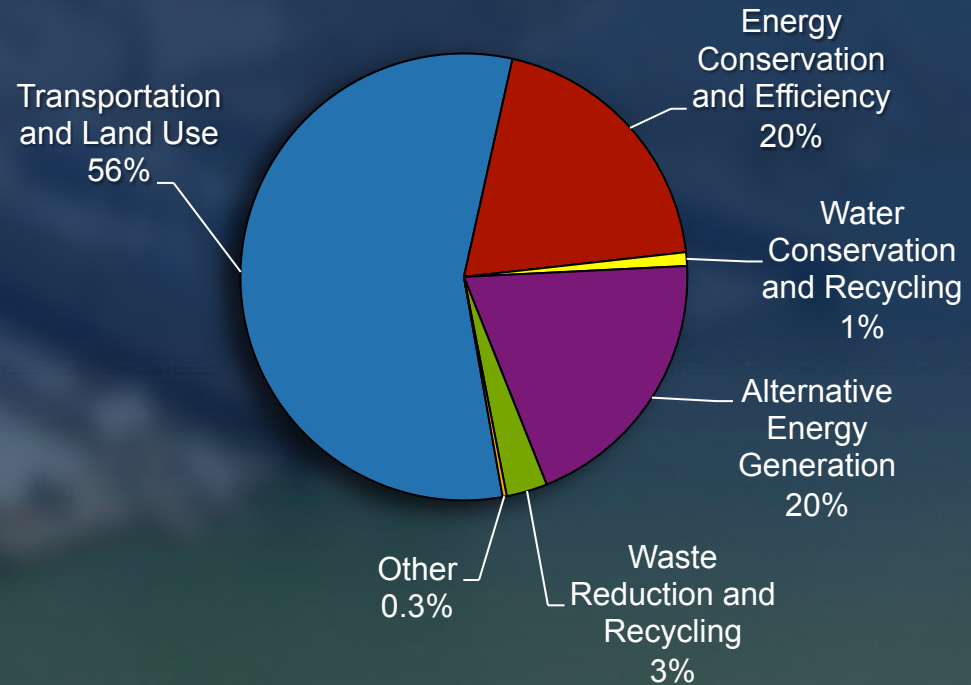
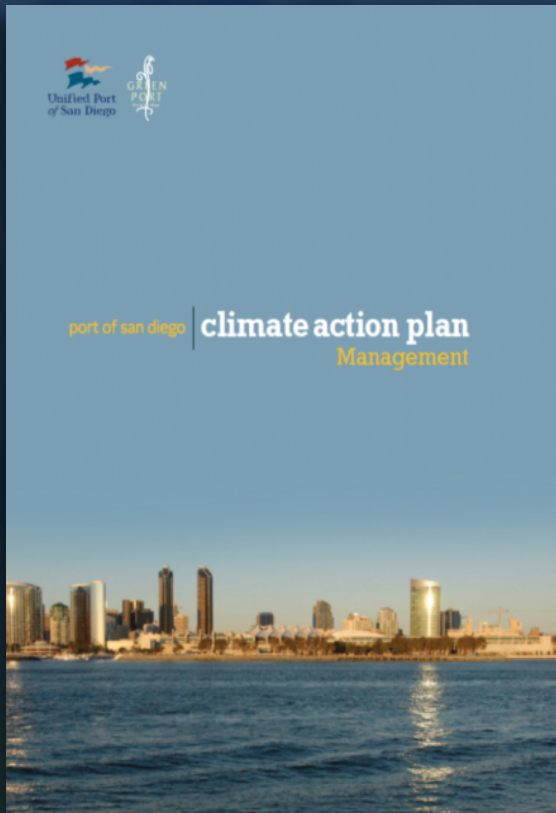


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June 16, 2016

Climate Action Plan – Context for the Sustainable Leasing Program

Potential 2020 greenhouse gas reduction sources
Total: 109,830 metric tons of carbon dioxide equivalent reduction by 2020



Collaboration with Tenants is

Fundamental

75% of District tidelands
are leased



96% of the greenhouse
gas emissions



Sustainable Leasing Program



Utility Usage Reporting Ordinance Provisions

Initiate and input utility usage information into Energy Star Portfolio Manager account by August 1, 2016 and by March 1 thereafter

Share usage information with data aggregator by September 1, 2016 and by April 1 thereafter

Data Aggregator to report tenant reporting compliance data

Data Aggregator to provide consolidated report of utility usage

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2844

ORDINANCE ADOPTING ARTICLE 12 OF THE SAN DIEGO UNIFIED PORT DISTRICT CODE – REQUIRED REPORTING OF UTILITY USE ON TIDELANDS

WHEREAS, the San Diego Unified Port District ("District") is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I ("Port Act"); and

WHEREAS, Section 21 of the Port Act authorizes the Board of Port Commissioners ("BPC") to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, pursuant to the San Diego Unified Port District Act of 1962 and the California Coastal Act, the District is charged with the planning and development of California State tidelands around San Diego Bay; and

WHEREAS, the District is responsible for overseeing public and private investments on the tidelands in a manner consistent with the Public Trust for the people of the State of California; and

WHEREAS, the Board of Port Commissioners (Board) adopted the District's Climate Action Plan (CAP) that establishes Greenhouse Gas (GHG) emissions reduction goals, policies, and measures to reduce GHG emissions from all operations on District tidelands; and

WHEREAS, this Required Reporting of Utility Use on Tidelands Ordinance is designed to help the District align with the State of California GHG emissions reductions objectives. This Ordinance is intended to implement the goals of the District's CAP to track and monitor GHGs through Utility Usage reporting for all Utility Account Holders doing business on the tidelands; and

WHEREAS, many Utility Account Holders on Tidelands have already made great strides in reducing GHG emissions, and many have also voluntarily provided information to help the District track progress towards the District's CAP goals. However, accurate tracking of the District's overall progress requires the participation of all Utility Account Holders on Tidelands and this Ordinance is intended to address that issue by obligating all Utility Account Holders on Tidelands to report Utility Usage in the same manner; and

Utility Usage Reporting Ordinance

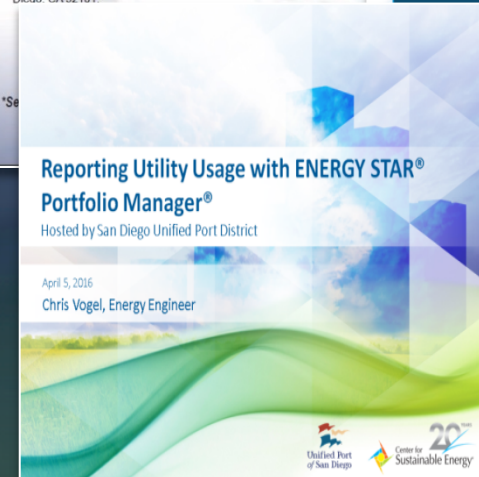
- Portfolio Manager Training
- Dedicated webpage
- Green Business Network Newsletter
- San Diego Port Tenants Association Newsletter
- Letter Issued to Tenants (via Real Estate Development department)
- Distributed printed and electronic brochures
- Dedicated Email Address:
TenantSupport@portofsandiego.org



On December 8, 2015 the Board of Port Commissioners adopted the Utility Usage Reporting Ordinance requiring that all Utility Account Holders report utility usage data using the Environmental Protection Agency ENERGY STAR® Portfolio Manager® (Portfolio Manager) tool. The first deadline to create a Portfolio Manager account is August 1, 2016.

The use of Portfolio Manager to monitor utility consumption is a best management practice, and facilitates the prioritization of energy assessments and the implementation energy efficiency retrofits.

To help tenants learn how to use Portfolio Manager, the Port of San Diego is offering no-cost trainings and other informational resources. In-person training sessions will be conducted in the computer lab at the Port's Administration Building, located at 3165 Pacific Highway, San Diego, CA 92101.



No-cost Portfolio Manager Training Sessions

Scheduled for the following dates/times:

Tuesday, April 5, 2016: 9:00 am – 12:00* pm	Thursday, April 28, 2016 2:00 pm – 5:00* pm	Tuesday, May 17, 2016 9:00 am – 12:00* pm
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[*Data entry practice during the last hour is optional.]

Additional web-based resources will be available in late spring.

To register for training and find more information on utility usage reporting visit:
<http://greenportnetwork.org/utility-usage-reporting>

Registration is required due to space limitations.

Before you Arrive:
Portfolio Manager account (i.e., create a log-in)

Items to Bring:
count information (required for all attendees)
refer to use your own computer
prints of energy (electric, natural gas, etc.) and water billing history (optional)
location (gross floor area, operating hours, number of workers, optional)

For questions, please contact:
tenantsupport@portofsandiego.org

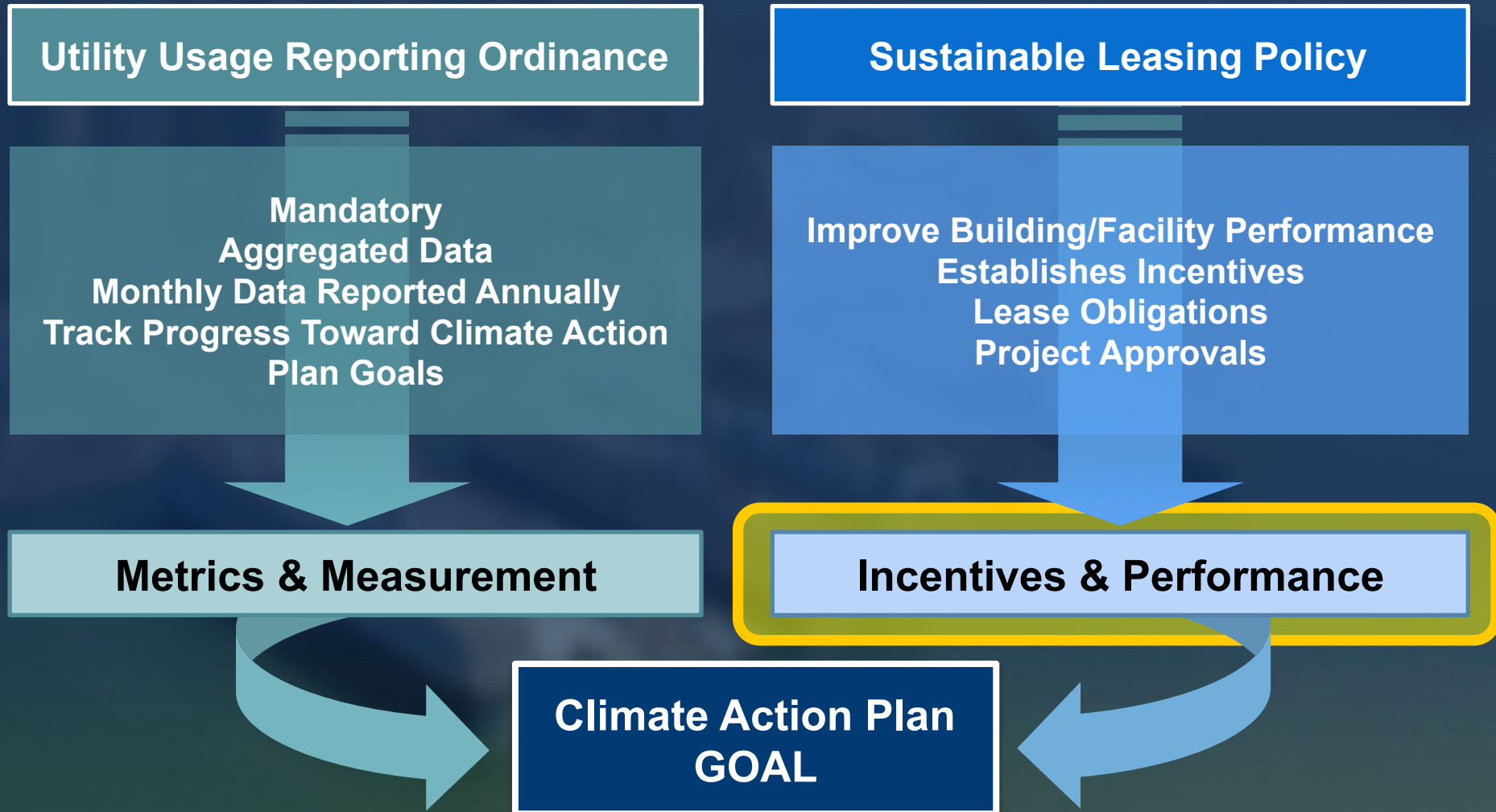


Summary of Sustainable Leasing Policy Concepts

A summary of concepts being considered for the Policy include:

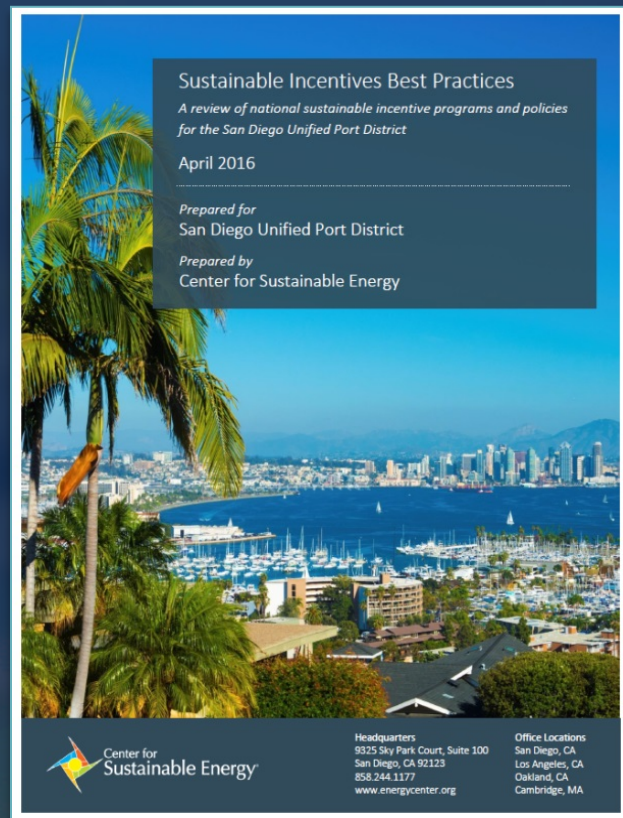
- Facility Benchmarking
- Green Performance Standard
- Energy and Facility Assessments
- Continued Outreach and Education for Tenants
- Lease Clauses
- Incentive Framework

Sustainable Leasing Policy – Conceptual Incentive Framework



Best Practices and Recommendations for Sustainable Incentives

- Minimum eligibility requirements and performance standards
- Incorporate a tiered incentive approach
- Be flexible to allow for innovative projects
- Look ahead; retroactive incentives are not a best practice and do not stimulate new investments
- Allow tenants to bundle multiple projects/technologies for a larger incentive



Sustainable Leasing Policy – Conceptual Incentive Framework

TIER 1	TIER 2	TIER 3
Sustainable Technology Advancement Funding	Lease Negotiated Incentives	Expedited “Fast Track” Administrative Review
Range of tenant participation, scaled to business size and greenhouse gas reductions.	Target greater greenhouse gas reductions and encourage deeper investments in sustainable infrastructure through lease modifications and proportionate leasing incentives.	Removal of administrative barriers to projects without a qualifying capital investment (e.g. Power Purchase Agreements)

TIER 1 Conceptual Incentive – Sustainable Technology Advancement Funding

Conceptual Sustainable Technology Advancement Funding

Range of tenant participation, scaled to business size, greenhouse gas reduction potential, and project costs

Incentive Amount	Incentive Not to Exceed	Incentive Cap per Tenant
Determined by achievement of a minimum project threshold and evaluation of overall project contributions (MTCO ₂ e reduced).	Establish a per application incentives “cap” based on percentage of cost.	Establish a per application “cap” based on total expense.

Project Description	Project Category	Estimated Annual Resource Savings	Estimated Project Cost	Estimated Incentive Amount	Estimated Annual GHG Reduction
Hotel (High Rise) – Install solar thermal system to heat pool	Alternative Energy	125,000 kWh	\$18,000	\$9,000	86.2 MTCO ₂ e/yr

TIER 2 Conceptual Incentive – Lease Negotiated Incentives

Conceptual Lease Negotiated Incentives

Target greater greenhouse reductions and encourage deeper investments in sustainable infrastructure through rent ramp ups, lease term extensions, and fee waivers (where viable)

Annual GHG Reduction*	Budget	Conceptual Incentives Considered*	Investment Calculation
Minimum Project Threshold and Value / MTCO₂e (To Be Defined)	Up to \$2M &/or other negotiated incentives	• Lease extension • Rent ramp up • Other fee waivers	Calculation of incentive based on investment similar to BPC 355

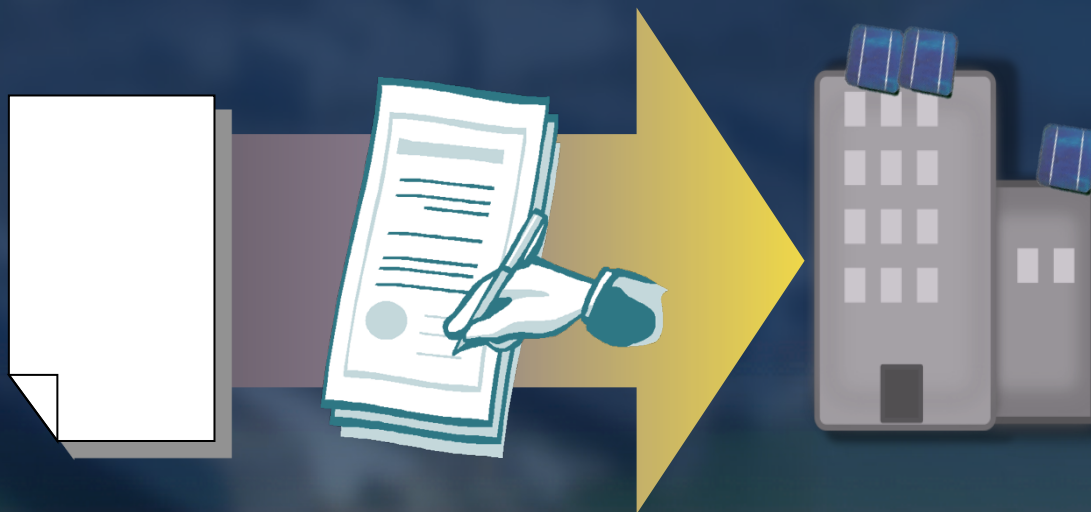
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- Project Application
 - Review of Application
 - Preliminary Approval
 - Inspection
 - Decision of Incentive
 - Project Completion
 - Distribution of Incentive

Note: MTCO₂e = metric tons of carbon dioxide equivalent;
BPC = Board of Port Commissioners

TIER 3 Conceptual Incentive – “Fast Tracking” Administrative Review

Conceptual “Fast Tracking” Administrative Review

Remove administrative barriers to projects without a qualifying capital investment
(e.g. Power Purchase Agreements)



**Expedited review process for qualifying projects
(e.g., Development of a Standard Operating Procedure,
Potential Revision to Board Policy 357)**

Sustainable Leasing Policy – Conceptual Incentive Framework

	TIER 1	TIER 2	TIER 3
	Sustainable Technology Advancement Funding	Lease Negotiated Incentives	Expedited “Fast Track” Administrative Review
Budget	\$400,000	Up to \$2M &/or other negotiated incentives	\$0
Greenhouse Gas Reduction Potential @ 2020	800 MTCO ₂ e per year minimum	3,000+ MTCO ₂ e per year reduction	TBD MTCO ₂ e per year reduction
Lease Impact(s)	Waived	Negotiated	Waived, potential reporting terms
Pilot Project Examples	Tenant Facility Energy Efficiency Retrofits / Equipment Conversions	Large Scale Solar Projects, Capital Improvement Projects	Power Purchase Agreements (e.g., Solar Projects, Fuel Cells, etc.)

June - August 2016

- Stakeholder Outreach and Engagement
- Final development of Policy recommendations

September 2016

- Board presentation of Sustainable Leasing Policy recommendations

Thank you!

Questions and Answers



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