



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Ortiz

SUBJECT: SEE BELOW

DATE: October 3, 2023

Approved:

Date: 10/03/2023

SUBJECT: ORDINANCE AMENDING TITLES 2, 4, AND 26 AND ADDING TITLE 28 TO THE SAN JOSE MUNICIPAL CODE TO ESTABLISH A MUNICIPAL UTILITY FOR ELECTRIC SERVICE

RECOMMENDATION

1. Approve Councilmember Cohen and Davis's memorandum.
2. Direct staff to actively work collaboratively with South Bay Labor Council and The Santa Clara and San Benito Counties Building and Construction Trades Council.
3. Direct staff to meet with stakeholders from International Brotherhood of Electrical Workers Locals 332 and 1245 and Working Partnerships USA to develop a plan on labor standards ensuring the City of San José's work on clean energy, building electrification and electrical transmission promotes high road labor practices within the city, its contractors, and partners. Staff should return to Council by 2025 or sooner with a plan that includes the following:
 - a. Standards that ensure the city meets or exceeds employment standards for workers within PG&E as noted in the September 28, 2023, supplemental memo if the city chooses to create and operate a municipal utility.
 - b. Identify a set of labor standards within future San José Clean Energy procurement of electrical power to ensure the City's purchasing contributes to creating a skilled and highly trained workforce and improving job quality in the sector.
 - c. Ensuring future City investments in workforce development within clean energy and electrification focus on developing high road training partnerships that create family supporting jobs, promoting job quality and worker voice.
 - d. Any recommended next steps to ensure the City's electrification plans promote high road jobs and access to career pathways to family supporting jobs for San José's underrepresented residents and communities.
 - e. Creating a role for a South Bay AFL-CIO Labor Council representative within the Climate Commission formerly known as the Clean Energy Community Advisory Commission.

4. Direct staff to continue to analyze the financial risks to the City's General Fund from future proposed power generation and distribution services and to return to the Transportation and Environment with a plan for reporting on a quarterly basis, or as otherwise directed by the Committee, on the current finances and projected financial outlook of current or proposed service in power generation and distribution.

BACKGROUND

After engaging with stakeholders and thoroughly reviewing the proposed amendments to our municipal code with city staff, we have determined that the scope of these recommendations would be limited, only permitting the establishment of a Municipal Utility for Electric Services **in designated areas of the city and certain City facilities, and in a purely exploratory capacity.** This landmark project is incredibly innovative; however, its potential scope has brought great concern surrounding the precedent it sets forth. It's important that we leverage the scale of this project to lay out a pathway for collaboration that can be replicated successfully when bigger projects come before us.

Our understanding of the matter suggests that any proposed projects would only be paid for by the ratepayers that are served by the utility and not all city residents generally and would be pending further Council approval.

With that established, city staff should remain committed to addressing the concerns of relevant stakeholders and upholding the City's responsibility to provide safe and reliable utility services to our community while ensuring a sustainable future for our workforce.