

THE CITY OF SAN ANTONIO, TEXAS

A Case Study on Energy Efficient Purchasing Challenges

Prepared for:

Consortium for Energy Efficiency

In Support of

**THE ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PURCHASING
INITIATIVE**

SAN ANTONIO, TEXAS

San Antonio is the eighth largest city in the United States and boasts one of the fastest growing metropolitan areas. It is located in South Central Texas. Its dynamic and diverse economy is a healthy mix of business services; a rapidly growing medical and health delivery sector; a diversified manufacturing sector; and, a well established convention and visitor industry.

San Antonio was selected a site for this case study because it illustrates both the challenges and opportunities that face local governments around the United States. Like many other cities across America, San Antonio is struggling to balance the needs of a booming economy with increased concerns for energy efficiency and pollution controls.

This case study illustrates problems endemic to municipalities, specifically the disconnect that exists between the “energy experts” and the “energy purchasers.”

Three departments significantly influence the purchase of energy efficient technologies: the Capital Improvements Program, Facilities Management, and Purchasing & General Services. In San Antonio, the department **submitting** the requisition selects the necessary technology and thus most influences the selection of energy efficient equipment.

While the specifiers have the expertise to identify appropriate equipment, the buyers are responsible for bidding, vendor selection, and contractual arrangements. There has been no standardized training in the department regarding energy efficiency, and interviewers encountered only generalized knowledge on the subject. There is no incentive for a buyer to go back to the department submitting the requisition to encourage a more efficient technology. In addition, there is often no incentive for the “requesting” department to select energy efficient technologies since they do not pay the energy bills.

There are no built-in incentives to purchase energy efficient equipment because the purchasers do not understand energy efficiency and, more importantly, are not the ones who pay the energy bills.

This case study also illustrates the problems that many municipalities’ face when they own and operate a municipal utility. City Public Service (CPS) is the municipal utility operating under a Board of Trustees and owned by the City of San Antonio. CPS has provided metropolitan business customers with gas and electrical power at rates below the state and national average. Since the city owns the utility, 14% of gross revenues

are paid to the City of San Antonio in lieu of taxes. In 1998, CPS paid \$144.6 million, approximately one third of the City's total budget. Therefore, any significant reduction of energy consumption would decrease utility profits, consequently reducing a sizable portion of the City's annual income. ***This policy creates a built-in disincentive on the City level for energy efficiency improvements.***

While San Antonio has achieved some laudable successes, this case study illustrates the vital role that energy champions play in increasing awareness of energy efficient purchasing practices. The Facilities Department has been the most innovative department within the City of San Antonio. This department, led by a true "energy champion" has installed energy management systems, and instituted a centralized warehouse system of maintenance equipment including lighting and other energy related equipment. The centralized system facilitates greater standardization of equipment, tighter control of technology selection, better monitoring of usage and replacement rates, and bulk purchasing discounts.

This case study also highlights a new procurement opportunity that may exist throughout Texas. Regional councils or "COGs" are voluntary associations of local governments formed under Texas law. These associations deal with the problems and planning needs that cross the boundaries of individual local governments or that require regional attention. Regional councils coordinate planning and provide a regional approach to problem solving through cooperative action. San Antonio participated in a number of COG initiatives including a cooperative purchasing program that helped 750 local governments statewide save on equipment and supply purchases of \$57.4 million in 1996.

Programs to encourage the adoption of energy efficient technologies would be effectively initiated through regional councils. It is consistent with purchasing and environmental goals already considered important by established councils, regional council's effectively reach top level county and city government and purchasing officials, and training is already conducted on relevant topics. EPA could provide on-site professional staff to work with relevant subcommittee's, conduct training, and develop suitable policy and procedure language encouraging the selection of energy efficient technologies.

EPA's State and Local Purchasing Initiative could be made even more effective by developing strategies to work with COGS throughout Texas.

In summary: the San Antonio Case Study illustrates ***not only the challenges*** facing local governments regarding procuring energy efficient equipment, ***but also identifies viable solutions.***