



AGENDA REPORT

Meeting Date: July 24, 2012
Item Number: H-14
To: Honorable Mayor & City Council
From: Alan Schneider, Director of Project Administration
Subject: AMENDMENT NO. 2 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND ENERGY INNOVATION GROUP, LLC TO PARTICIPATE IN SOUTHERN CALIFORNIA EDISON'S SPECIAL BENEFIT MANAGEMENT AFFILIATES PROGRAM (MAP) TO RETROFIT CITY AND OFF STREET PARKING FACILITIES WITH ENERGY EFFICIENT EQUIPMENT TO PRODUCE ENERGY AND MAINTENANCE SAVINGS

Attachments:

1. Agreement
2. SCE 0% On-Bill Financing Economic Summary

RECOMMENDATION

Staff recommends that the "City Council move to approve Amendment No. 2 to the agreement with Energy Innovation Group, LLC (EIG) for energy management services related to the Southern California Edison Company's special benefit management affiliates program".

Proposed amendment authorizes an additional \$900,000 for projects, and as approved by Southern California Edison Company (SCE), will be paid for full under SCE's 0% interest On-Bill Financing program with no capital outlay from the City. A portion of the energy savings from the monthly utility bills is used by SCE until the project cost is fully offset. The total project value of \$2,300,000 exceeds the \$1,400,000 amount authorized by City Council on March 1, 2011.

INTRODUCTION

The City, in conjunction with EIG identified energy saving opportunities to upgrade and install new energy-related equipment in multiple City facilities, producing over \$300,000 annual energy savings, and resulting in expected substantial savings in maintenance costs.

To implement these energy projects, the City entered into an agreement with SCE for the On-Bill Financing (OBF) program. In Decision 09-09-047, the California Public Utilities Commission authorized SCE to provide 0% interest financing for the installation of certain energy efficient equipment, which is to be repaid over a specified period through the Customer's electric utility bill ("On-Bill Financing").

The City also entered into an agreement with EIG for management of projects under SCE's Special Benefits Management Affiliates Program (MAP). EIG is the sole source vendor selected by SCE after a competitive bid process for the operation and management of the MAP program. In accordance with the California Government Code sections 4217.10 and 4217.12, the City is authorized and finds that it is in the best interest of the City to enter into an energy service contract with EIG, and that the anticipated cost to the City for electrical energy will be less than the anticipated cost to the City of electrical energy that would have been consumed absent these improvements.

Amendment No. 1 was approved in December 2011 for \$33,465 to address the amount of project cost not covered by the OBF funding and the window film payment. EIG could not anticipate the numbers to be used by SCE in determining the savings. Under this amendment EIG also added LED lighting totaling over \$15,000.

DISCUSSION

The initial round of projects has been completed based on the actual available funding allocated by SCE for this program. An additional funding allocation has been made by SCE to continue the OBF program. The attached Economic Summary details the project costs, financing amounts and savings realized and projected in continuing in the program.

Projects included in the first phase of the OBF program funding totaled \$579,148 in project value. There was a rebate of \$70,305. The on-bill-financing was \$508,843. The first year savings were \$131,105. The projected 10 year net savings, after SCE recovers the project cost is \$994,137. An additional net savings of \$147,782 is projected for 4 projects that were waitlisted in phase 1 and are currently being completed. Maintenance savings, avoidance of capital outlay for future needed equipment replacement, improved lighting and greater security are added benefits.

Proposed projects for the second phase of the OBF program funding total \$952,162 in project value. The rebate is estimated at \$42,180. The on-bill-financing is \$909,982. The first year savings is calculated at \$105,904. The projected 10 year net savings, after SCE recovers the project cost is \$337,070. Maintenance savings, avoidance of capital outlay for future needed equipment replacement, improved lighting and greater security are added benefits. All projects encompass lighting replacement, with selected motor and other HVAC upgrades for the facilities. For example, at City Hall replacement lighting for the tower and Council Chambers have been identified. Also, at Roxbury Park the energy project addresses just the tennis court and park lighting.

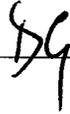
Although the total project value for all projects identified for the second phase is \$1,923,552, a maximum project value of \$2,300,000 is requested to be approved by the City Council to enable further energy savings projects to be considered under this program.

FISCAL IMPACT

SCE will calculate the average estimated monthly savings after an inspection of the existing equipment and the energy efficiency upgrade. Once the project cost is determined, it is divided by the monthly savings to determine the number of months that the savings are to be used to fully cover the project cost (Cost Recovery Period). That calculated monthly savings amount will remain on the SCE bill for the Cost Recovery Period, so that there is no payment required by the City at any time. At the end of the Cost Recovery Period, the full amount of savings from that time forward will reduce the bill to the City. The City, at no time, has any capital outlay and will have an immediate reduction in maintenance cost.



Scott G. Miller
Finance Approval



David D. Gustavson
Approved By

Attachment 1

AMENDMENT NO. 2 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND ENERGY INNOVATION GROUP, LLC TO PARTICIPATE IN SOUTHERN CALIFORNIA EDISON'S SPECIAL BENEFIT MANAGEMENT AFFILIATES PROGRAM (MAP) TO RETROFIT CITY AND OFF STREET PARKING FACILITIES WITH ENERGY EFFICIENT EQUIPMENT TO PRODUCE ENERGY AND MAINTENANCE SAVINGS

NAME OF CONSULTANT: Energy Innovation Group, LLC

RESPONSIBLE PRINCIPAL OF CONSULTANT: Sid Pelston, Managing Director

CONSULTANT'S ADDRESS: 11965 Venice Bl., Suite #408
Los Angeles, CA 90066
Attention: Sid Pelston, Managing Director

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: David Gustavson, Director of Public Works & Transportation

COMMENCEMENT DATE: Upon Written Notice to Proceed

TERMINATION DATE: December 31, 2013

CONSIDERATION: Original Agreement:
All project costs are to be paid through payments received from Southern California Edison Company 0% on-bill financing agreement

Amendment No. 1:
Not to exceed \$33,465.73, including all reimbursable expenses and described in Exhibit B;
Total not to exceed \$33,465.73

Amendment No. 2:
No cost to City; all project costs are to be paid by Southern California Edison Company (SCE) under the terms of the 0% on-bill financing agreement through the Management Affiliates Program (MAP)

AMENDMENT NO. 2 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND ENERGY INNOVATION GROUP, LLC TO PARTICIPATE IN SOUTHERN CALIFORNIA EDISON'S SPECIAL BENEFIT MANAGEMENT AFFILIATES PROGRAM (MAP) TO RETROFIT CITY AND OFF STREET PARKING FACILITIES WITH ENERGY EFFICIENT EQUIPMENT TO PRODUCE ENERGY AND MAINTENANCE SAVINGS

THIS AMENDMENT NO. 2 is to that agreement between the City of Beverly Hills, a municipal corporation ("CITY"), and Energy Innovation Group, LLC ("CONSULTANT") dated July 26, 2011 and identified as Contract No. 271-11, as amended by Amendment No. 1, dated December 19, 2011 and identified as Contract No. 498-11, copies of which are on file in the City Clerk's office.

RECITALS

A. CITY entered into an agreement with CONSULTANT on July 26, 2011 for certain services related to Southern California Edison's Special Benefit Management Affiliates Program to retrofit City facilities with energy efficient equipment.

B. CITY now desires to increase the maximum amount of energy projects under this program.

NOW, THEREFORE, the parties agree as follows:

Section 1. The Termination Date shall be amended as set forth above.

Section 2. Section 3. (a) Compensation shall be amended to read CONSULTANT shall receive compensation solely through funds from Southern California Edison ("SCE") through SCE's 0% on-bill financing program effective with the execution of this amendment in lieu of funds received by CITY from SCE.

Section 3. Exhibit A, the Scope of Work, shall be amended to reflect the maximum cost of energy projects up to \$2,300,000.

EXECUTED the ____ day of _____ 2012, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

WILLIAM W. BRIEN, M.D.
Mayor of the City of Beverly Hills

ATTEST:

(SEAL)
BYRON POPE
City Clerk

COMPANY NAME: ENERGY
INNOVATION GROUP, LLC

SID PELSTON
Managing Director

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

JEFFREY KOLIN
City Manager

DAVID D. GUSTAVSON
Director of Public Works & Transportation

ALAN SCHNEIDER
Director of Project Administration

KARL KIRKMAN
Risk Manager

Attachment 2

SCE 0% On-Bill Financing Economic Summary

0% Interest No-Capital-Outlay, On-Bill -Financing Program	First Year Savings (i) (ii)	Project Cost	Rebate	On Bill Financing Amount	Savings After 10 Years (iii)	Net Savings to City w/ No Capital Outlay
TOTAL Phase 1 - part 1 (completed)	\$ 131,105.71	\$ 579,148.89	\$ 70,305.27	\$ 508,843.62	\$ 1,502,980.93	\$ 994,137.31
Phase 1 Projects - part 2 (in-progress)						
216 Beverly Garage	\$ 6,872.91	\$ 58,457.44	\$ 2,337.00	\$ 56,120.44	\$ 78,790.21	\$ 22,669.77
333 Crescent Garage	\$ 5,515.84	\$ 52,178.88	\$ 3,457.20	\$ 48,721.68	\$ 63,232.92	\$ 14,511.24
240 Beverly Garage	\$ 19,472.42	\$ 165,697.40	\$ 10,872.10	\$ 154,825.30	\$ 223,229.47	\$ 68,404.17
461 Bedford Garage	\$ 13,052.15	\$ 115,907.73	\$ 8,476.45	\$ 107,431.28	\$ 149,628.27	\$ 42,196.99
Total Phase 1 - part 2 (in progress)	\$ 44,913.32	\$ 392,241.45	\$ 25,142.75	\$ 367,098.70	\$ 514,880.87	\$ 147,782.17
Phase 2 Projects						
City Hall (Lighting)	\$ 1,916.80	\$ 17,566.99	\$ 790.99	\$ 16,776.00	\$ 21,974.01	\$ 5,198.01
Library (Lighting)	\$ 4,716.40	\$ 43,793.68	\$ 2,149.68	\$ 41,644.00	\$ 54,068.22	\$ 12,424.22
Police (Lighting)	\$ 1,702.94	\$ 14,922.40	\$ 788.40	\$ 14,134.00	\$ 19,523.34	\$ 5,389.34
440 N Camden Garage (Lighting)	\$ 9,784.32	\$ 91,370.80	\$ 4,076.80	\$ 87,294.00	\$ 112,166.26	\$ 24,872.26
La Cienega Park (Lighting-HVAC)	\$ 17,322.00	\$ 163,780.17	\$ 7,219.00	\$ 156,561.17	\$ 198,583.36	\$ 42,022.19
La Cienega Tennis (Lighting-HVAC)	\$ 11,231.58	\$ 103,015.57	\$ 3,158.37	\$ 99,857.20	\$ 128,757.48	\$ 61,552.40
345 Beverly Garage (Lighting)	\$ 21,117.59	\$ 177,470.63	\$ 8,549.63	\$ 168,921.00	\$ 242,089.51	\$ 73,168.51
Roxbury Park Tennis & Site (Lighting)	\$ 6,441.93	\$ 59,768.90	\$ 2,684.14	\$ 57,084.76	\$ 73,849.47	\$ 16,764.71
485 N Bedford Garage (Lighting)	\$ 1,988.21	\$ 17,874.03	\$ 714.65	\$ 17,159.38	\$ 22,954.74	\$ 5,795.36
485 N Beverly Garage (Lighting)	\$ 1,988.36	\$ 18,332.65	\$ 714.65	\$ 17,618.00	\$ 22,794.32	\$ 5,176.32
485 N Camden Garage (Lighting)	\$ 1,954.63	\$ 17,874.03	\$ 714.65	\$ 17,159.38	\$ 22,407.65	\$ 5,248.27
485 N Rodeo Garage (Lighting)	\$ 1,789.04	\$ 16,874.03	\$ 714.65	\$ 16,159.38	\$ 20,655.25	\$ 4,495.87
485 N Roxbury Garage (Lighting)	\$ 1,841.15	\$ 16,874.03	\$ 714.65	\$ 16,159.38	\$ 21,106.74	\$ 4,947.36
Will Rogers Park (Lighting-HVAC)	\$ 6,337.28	\$ 54,600.38	\$ 3,498.38	\$ 51,102.00	\$ 72,650.00	\$ 21,548.00
Public Works (Lighting)	\$ 4,766.36	\$ 43,334.13	\$ 2,166.53	\$ 41,167.60	\$ 54,640.99	\$ 13,473.39
Greystone (Lighting-HVAC)	\$ 3,120.00	\$ 25,887.00	\$ 1,079.00	\$ 24,808.00	\$ 35,771.32	\$ 10,963.32
9510 Brighton Garage (Lighting)	\$ 7,886.36	\$ 68,823.00	\$ 2,446.00	\$ 66,377.00	\$ 90,408.28	\$ 24,031.28
TOTAL Phase 2	\$ 105,904.95	\$ 952,162.42	\$ 42,180.17	\$ 909,982.25	\$ 1,214,400.94	\$ 337,070.81
TOTAL for OBF program	\$ 281,923.98	\$ 1,923,552.76	\$ 137,628.19	\$ 1,785,924.57	\$ 3,232,262.74	\$ 1,478,990.29

Additional Savings Considerations.

- (i) Maintenance savings with all new equipment is also quite substantial.
- (ii) For all buildings with AC, the reduced heat load will result in lower AC costs.
- (iii) 10 yr. savings is based on 3% average annual rate increase . The actual rate is expected to be larger, thus savings should also be greater

Additional Project Value Requested.

Total project value for all projects identified at this time is \$1,923,552.76.

\$2.3 million in total project value is requested to be approved by City Council to enable further energy savings projects to be considered under this program