



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 20, 2010

ITEM NUMBER:

SUBJECT: Energy Leadership Partnership between Southern California Gas Company and the City of Costa Mesa for 2010-2012

DATE: April 8, 2010

FROM: City Manager's Department/Administration

PRESENTATION BY: Thomas R. Hatch, Assistant City Manager
Daniel K. Baker, Management Analyst

FOR FURTHER INFORMATION CONTACT: Dan Baker, 714-754-5156

RECOMMENDATION:

Staff recommends that the Mayor and the City Council:

1. Adopt Resolution No. _____ entitled, "A Resolution of the City Council of the City of Costa Mesa, Declaring Support for an Energy Partnership between the Southern California Gas Company and the City of Costa Mesa."
2. Authorize the City Manager to execute an Energy Partnership Agreement between the City of Costa Mesa and the Southern California Gas Company for 2010-2012.

BACKGROUND:

At the April 6, 2010 City Council meeting, a few questions were raised regarding certain language in the Energy Leadership Partnership Agreement between the Southern California Gas Company and the City of Costa Mesa for 2010-2012, specifically the language in table six on pages 28 and 29 of Exhibit A of the attached agreement. It is important to note that table six lists actual strategies that are outlined in the State of California Long Term Environmental Strategic Plan. The strategies listed are just a few of the ways that municipalities can reach their long term energy goals that have been put into place by AB 32 and SB 375 legislation.

Currently, Costa Mesa has no actual City Council approved projects that would create energy efficiency in the use of natural gas. By entering into this agreement, it will allow the City and its energy partners an opportunity to work as a team to find common projects with Southern California Gas that will maximize the City's energy savings as it relates to natural gas. All projects discussed and agreed upon between the City of Costa Mesa and its energy partners will be brought before the City Council for review and approval before any work is to proceed.

ANALYSIS:

One of the questions raised is Strategy 1-4 relating to the creation of assessment districts or other mechanisms so that property owners can fund energy efficiency projects through the use of bonds with the ability to make payments to the loans on their property tax bills. To clarify the issue, the County of Orange has collaborated with a number of different cities to make AB 811 funding a reality for the citizens of Orange County. The County has set up an AB 811 district that will allow individual homeowners in participating cities to utilize their specific property tax bill as a secured method to pay for energy efficiency improvements. This would be a voluntary program and individual residents may decide if they would like to participate. The program is in its initial stages and will require all local cities to sign an agreement with the County to allow its citizens to participate in the program. It is anticipated that the Costa Mesa City Council will review and consider participation in the program in the near future. It will require an agreement approved by the City Council before this service could be offered to Costa Mesa residents.

The other strategies at issue are 4-1 through 4-5 on pages 29 and 30 of the Agreement. It is important to note that while these strategies detail specific issues relating to solar installations, climate change, and energy related “carrots” and “sticks”, the City of Costa Mesa has no current projects that meet these strategies. These strategies are merely guidelines for the City and its energy partners to consider in an attempt to meet California’s long-term energy goals. Should the City and its energy partners agree upon specific projects related to not only these strategies, but all strategies listed in the agreement, they will first be presented to the City Council for approval before implementation.

The Development Services Department has been engaged in discussions with other jurisdictions relative to AB 32 and SB 375 to understand exactly what is included in the new regulations and what would be needed to comply with any requirements. These discussions are on-going and Planning staff will continue to stay on top of these issues and advise the City Council of any specific actions needed at the appropriate time. If another member city of our partnership decides to move forward with any projects related to AB 32 or SB 375, this will not bind the City of Costa Mesa in any way.

The Agreement under consideration by the City Council is only focused on ways we can work with our energy partners to create energy efficiency as it relates to the use of natural gas.

ALTERNATIVES CONSIDERED:

To not enter into the Energy Partnership with SCG. At this point, the other three cities in our partnership have approved this agreement with SCG.

FISCAL REVIEW:

An initial amount of \$4,000,000 has been allocated to the Orange County Energy Partnership of the cities of Costa Mesa, Huntington Beach, Fountain Valley and Westminster. By entering into this agreement, the City of Costa Mesa will directly benefit from thousands of dollars or more in funding to supplement our energy efficiency goals.

LEGAL REVIEW:

Legal has reviewed the documents and approved them as to form.

CONCLUSION:

Partnering with SCG will allow Costa Mesa to achieve both immediate and long-term energy savings and demonstrate energy efficiency leadership in the community while helping residents and businesses achieve sustainable reductions in energy use within SCG service territory.

THOMAS R. HATCH
Assistant City Manager

DANIEL K. BAKER
Management Analyst

- ATTACHMENTS:
- 1 [City Council Staff Report – April 6, 2010](#)
 - 2 [Energy Partnership Resolution](#)
 - 3 [Southern California Gas Partnership Agreement](#)