



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 7, 2013

ITEM NUMBER:

SUBJECT: ENERGY PARTNERSHIP CONTRACT EXTENSION BETWEEN SOUTHERN CALIFORNIA GAS COMPANY AND THE CITY OF COSTA MESA FOR 2013-2014.

DATE: April 25, 2013

FROM: CHIEF EXECUTIVE OFFICE

PRESENTATION BY: DANIEL K. BAKER, MANAGEMENT ANALYST

FOR FURTHER INFORMATION CONTACT: DAN BAKER (714) 754-5156

RECOMMENDATION

Staff recommends that the Mayor and City Council authorize the Mayor and City CEO to execute an extension (attachment 1) to the existing energy partnership agreement between the City of Costa Mesa and Southern California Gas Company for 2013-2014.

BACKGROUND

In 2009, the City of Costa Mesa entered into a partnership agreement with Southern California Gas (SCG). This agreement authorized the use of Public Utilities Commission (PUC) funds with the goal to support energy efficiency initiatives, and to improve the energy efficiency of city equipment and buildings. This partnership framework provides enhanced incentives for energy savings projects of city facilities and funding for outreach, education and marketing. Collectively with our city partners, Huntington Beach, Westminster, Newport Beach, and Fountain Valley, the group has saved over 104,232 therms for the 2010-2012 Program Cycle.

The funds utilized for these activities are Public Goods Charge funds that SCG is required to collect by the PUC. SCG administers these funds with PUC oversight in projects that reduce energy needed to provide services. This extension will continue to provide additional funds to the City when investing in energy savings projects for city facilities. Additionally it will extend the effectiveness of existing and planned Capital Improvement Plan (CIP) funding that makes City facilities and infrastructure more energy efficient.

ANALYSIS

This extension will assist the City by providing better information about how to prioritize energy efficiency upgrades, reduce annual maintenance costs, increase cost savings, conserve resources and reduce green house gas emissions. Additionally, it allows the

City to gain access to additional grant funding provided by the California Energy Commission that is only available to city's participating in energy partnerships.

The overall program strategy is to continue to partner with SCG to provide energy information, and to identify and implement sustainable energy efficiency activities. The City and SCG will leverage the strengths of each of the partners to cost effectively deliver energy and demand savings. If approved, this agreement will allow the City to continue to be reimbursed for therms saved for municipal retrofit projects as well as have access to a number of other potential grant opportunities that SCG solicits. Additionally, the agreement will allow the City to receive additional financial incentives.

ALTERNATIVES CONSIDERED

An alternate consideration is for the City to not reenter into the energy partnership with SCE.

FISCAL REVIEW

By entering into this agreement, the City of Costa Mesa will directly benefit from thousands of dollars in additional funding to supplement its energy efficiency goals.

LEGAL REVIEW

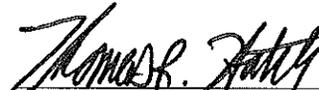
Legal has reviewed the documents and approved them as to form.

CONCLUSION:

Partnering with SCG will allow Costa Mesa to continue 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.



DANIEL K. BAKER
Management Analyst



THOMAS R. HATCH
Chief Executive Officer

ATTACHMENTS: 1 Southern California Gas Extension Agreement

FIRST AMENDMENT

THIS FIRST AMENDMENT ("FIRST AMENDMENT") TO THE AGREEMENT TO JOINTLY DELIVER THE 2010-2012 ORANGE COUNTY CITIES ENERGY EFFICIENCY PARTNERSHIP PROGRAM dated January 1, 2010 (the "Agreement" or the "2010-2012 Program") is effective as of the First Amendment Effective Date (as defined below) by and among SOUTHERN CALIFORNIA GAS COMPANY ("SCG") AND THE CITY OF COSTA MESA, THE CITY OF FOUNTAIN VALLEY, THE CITY OF HUNTINGTON BEACH, THE CITY OF WESTMINSTER (the "Cities") and THE CITY OF NEWPORT BEACH. Terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement. SCG and the Cities may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, SCG and the Cities previously executed the Agreement effective January 1, 2010;

WHEREAS, SCG and the Cities wish to add the City of Newport Beach ("Newport Beach") as a party to the Agreement and include Newport Beach within in the defined terms of the Parties and the Cities;

WHEREAS, Newport Beach agrees to be bound by all the terms and conditions of the Agreement;

WHEREAS, the Parties desire to enter into this Amendment to add Newport Beach to the Program;

WHEREAS, on May 18, 2012, the Commission issued a Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach ("Final Guidance Decision") guiding SCG to continue the 2010-2012 Program through a two year 2013-2014 transition period (hereinafter referred to as the "2013-2014 Program");

WHEREAS, on July 2, 2012, SCG submitted its application ("2013-2014 Application") for the implementation of energy efficiency programs to be delivered to California utility customers for the years 2013 through 2014, which included the 2013-2014 Program;

WHEREAS, on November 15, 2012, the Commission issued a Final Decision approving the 2013-2014 Application as submitted ("Final Decision"), thereby approving continuation of energy efficiency programs, which includes the 2013-2014 Program, and the Parties desire to extend the Agreement through 2014 under the terms and conditions set forth in the Agreement, except as otherwise provided in this First Amendment; and

WHEREAS, the Parties desire to further amend the Agreement as necessary to provide an authorized budget for the 2013-2014 Program and to update the Agreement as required to reflect the extended 2013-2014 Program cycle.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Newport Beach is hereby added as a Party and an additional City to the Agreement and is hereby subject to all terms and conditions of the Agreement as of the First Amendment Effective Date, as defined in Section 2 below.
2. Effective Date & Conditions Precedent to Effectiveness: The "First Amendment Effective Date" shall be the last date of signature below when all Parties have signed this First Amendment.
3. Except as provided herein, and to the extent applicable, any reference in the Agreement to the "2010-2012 Program" shall hereby include both the 2010-2012 Program and the 2013-2014 Program.
4. Section 1.15 of the Agreement is hereby deleted in its entirety and replaced with the following:

1.15 PIP or Program Implementation Plan: The most recent Commission decision approved and publicly available plan for implementing the Program in each Utility's service territory, attached hereto as Exhibit A.

5. Section 11 of the Agreement is hereby deleted in its entirety and replaced with the following:

11. END DATE FOR PROGRAM AND ADMINISTRATIVE ACTIVITIES

Unless this Agreement is terminated pursuant to Section 25 below, or unless otherwise agreed to by the Parties or so ordered by the Commission, the Parties shall complete all Program Administrative activities (as defined in the PIP) and all reporting requirements by no later than March 31, 2015, and all Direct Implementation and Marketing & Outreach activities by no later than December 31, 2014.

6. Section 12 of the Agreement is hereby deleted in its entirety and replaced with the following:

12. FINAL INVOICES

Each City must submit final invoices to SCG no later than March 31, 2015.

7. Section 25.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

25.1 Term. This Agreement shall be effective as of the Effective Date. Subject to Section 37, the Agreement shall continue in effect until June 30, 2015 unless otherwise terminated in accordance with the provisions of Section 25.2 or 30 of the Agreement.

8. Section 26 of the Agreement is hereby deleted in its entirety and replaced with the following:

26. WRITTEN NOTICES

Any written notice, demand or request required or authorized in connection with this Agreement, shall be deemed properly given if delivered in person or sent by facsimile, nationally recognized overnight courier, or first class mail, postage prepaid, to the address specified below, or to another address specified in writing by a Party as follows:

The OC Cities:

SCG:

City of Costa Mesa
Daniel Baker
77 Fair Drive
Costa Mesa, CA 92648
Tel: (714) 754-5156
Email: dbaker@ci.costa-mesa.ca.us

Southern California Gas Company
Ann Teall, Program Advisor
555 W. Fifth Street, GT20B4
Los Angeles, CA 90013
Tel: (213) 244-5843
Email: ateall@semprautilities.com

City of Fountain Valley
Matt Mogensen, Management Analyst
10200 Slater Ave.
Fountain Valley, CA 92708
Tel: (714) 593-4412
Email: Matt.Mogensen@fountainvalley.org

City of Huntington Beach
Aaron Klemm
2000 Main Street
Huntington Beach, CA 92648
Tel: (714) 536-5537
Email: Aaron.Klemm@surfcity-hb.org

City of Newport Beach
Iris Lee, Senior Civil Engineer
3300 Newport Beach Blvd.
Newport Beach, CA 92663
Tel: (949) 644-3323
Email: ILee@newportbeachca.gov

City of Westminster
Soroosh Rahbari, Building Official
8200 Westminster Blvd.
Westminster, CA 92683
Tel: (714) 898-3311, ext. 250
Email: sorooshr@ci.westminster.ca.us

Notices shall be deemed received (a) if personally or hand-delivered, upon the date of delivery to the address of the person to receive such notice if delivered before 5:00 p.m. PST (or PDT, as applicable), or otherwise on the Business Day following personal delivery; (b) if mailed, three (3) Business Days after the date the notice is postmarked; (c) if by facsimile, upon electronic confirmation of transmission, followed by telephone notification of transmission by the noticing Party; or (d) if by overnight courier, on the Business Day following delivery to the overnight courier within the time limits set by that courier for next-day delivery.

9. This First Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.
10. Exhibit A (SOUTHERN CALIFORNIA GAS COMPANY PROGRAM IMPLEMENTATION PLAN) and Exhibit B (SOUTHERN CALIFORNIA GAS COMPANY 2010-12 GOALS & BUDGET FOR OC CITIES) are attached to this First Amendment, which attached versions are incorporated herein by reference and made a part of the Agreement.

11. General. From and after the First Amendment Effective Date, any reference to the Agreement contained in any notice, request, certificate or other instrument, document or agreement shall be deemed to mean the Agreement, as amended by this First Amendment. In the event of any conflict between the Agreement and this First Amendment, this First Amendment shall prevail. All remaining provisions of the Agreement shall remain unchanged and in full force and effect. Each party is fully responsible for ensuring that the person signing this First Amendment on that party's behalf has the requisite legal authority to do so.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed by their duly authorized representatives as of the First Amendment Effective Date.

The Cities:

CITY OF COSTA MESA

Name: James M. Righeimer
Title: Mayor
Date:

Name: Thomas R. Hatch
Title: CEO
Date:

CITY OF FOUNTAIN VALLEY

Name: Raymond H. Kromer
Title: City Manager
Date:

CITY OF HUNTINGTON BEACH

Name: Don Hansen
Title: Mayor
Date:

Name: Fred Wilson
Title: City Manager
Date:

CITY OF NEWPORT BEACH

CITY OF WESTMINSTER

Name: Dave Kiff
Title: City Manager
Date:

Name: Mitch Waller
Title: City Manager
Date:

SCG:

SOUTHERN CALIFORNIA GAS COMPANY

By: _____

Name Printed: Gillian Wright

Title: Director, Customer Programs

Date: _____, 2013