

TRANSMITTAL

To:

THE COUNCIL

Date:

DEC 10 2014

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ERIC GARCETTI
Mayor

(Ana Guerrero)



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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December 2, 2014

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) REQUEST FOR AUTHORIZATION TO ACCEPT AND ADMINISTER ADDITIONAL FUNDS FROM THE SOUTHERN CALIFORNIA GAS COMPANY FOR CONTINUATION OF THE LOS ANGELES BETTER BUILDINGS CHALLENGE PROGRAM; VARIOUS ACTIONS RELATED TO ENERGY EFFICIENCY PROGRAMS

SUMMARY:

On April 11, 2014, the Mayor and City Council authorized the General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) or designee to assume the management and administration of the energy efficiency programs previously managed and administered by the erstwhile Community Development Department (CDD). These programs include the Energy Efficiency Conservation Block Grant (EECBG), State Energy Program (SEP), and the Los Angeles Better Buildings Challenge Program (LABBC). The City Council authorization included instructions to the General Manager, HCIDLA or designee to notify the US Department of Energy, California Energy Commission, The Southern California Gas Company (The Gas Company), and other stakeholders of the change in entity, and to amend and execute the contractual agreements necessary to implement and/or continue the energy efficiency programs.

The current agreement with The Gas Company for funding the LABBC expires on December 31, 2014, and The Gas Company has expressed desire to provide additional energy efficiency grants for continuation of the program for one more year, from January 1, 2015 through December 31, 2015.

Therefore, the HCIDLA General Manager requests authority to revise the contractual agreements as required to accept and administer additional grants from The Gas Company to support the LA Better Buildings Challenge (LABBC) program.

RECOMMENDATIONS

The General Manager of the Los Angeles Housing and Community Investment Department (HCIDLA) respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the Controller to:
 - 1) Increase/decrease appropriations in the amount of \$795,684.62 within Fund No. 55A Gas Co. CPUC as follows:

Acct	Title	Amount
22J122	Community Development	\$(446.67)
22J299	Reimbursements of General Fund	(210.63)
22J441	Gas Co/CPUC Expenses	638,200.00
43K143	Housing and Community Investment	(21,477.60)
43K299	Reimbursement of General Fund Costs	(22,826.02)
43K445	HCIDLA Costs	(.94)
43L143	Housing and Community Investment	163,095.00
43L299	Reimbursements to General Fund	39,351.48
	Total	\$795,684.62

- 2) Appropriate \$163,095.00 within Fund No. 100/43 as follows:

Acct	Title	Amount
001010	Salaries	\$153,295.00
006030	Leasing	9,800.00
	Total	\$163,095.00

B. AUTHORIZE the HCIDLA General Manager or designee to:

- 1) Negotiate and execute documents including new contracts and/or amendments to existing contracts with Sempra/The Southern California Gas Company necessary to accept and administer **\$795,720** in energy efficiency grants, which would allow the continuation of LABBC program through December 31, 2015.
- 2) Amend the sole source agreement with Sustento Group, LLC previously approved in C.F. 09-0648-S15, in order to increase the amount by not more than **\$638,200** and extend the time for one more year from January 1, 2015 through December 31, 2015, to continue work on the Los Angeles Better Buildings Challenge Program, and other energy efficiency matters for the City. This agreement will be funded by The Southern California Gas Company funds, the State Energy Program (SEP) funds and/or other energy-related funds, subject to availability of funds and determination of need by HCIDLA, and subject to the review and approval of the City Attorney as to form.
- 3) Prepare Controller Instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the CAO and instruct the Controller to implement these instructions. The HCIDLA will continue to monitor and assess activities related to the Energy Efficiency programs and present requests for administrative and other adjustments in Financial Status Reports (FSRs) throughout the year.

BACKGROUND

The LABBC is part of a voluntary national leadership initiative, spearheaded by the US Department of Energy, to reduce energy use in existing buildings by 20% by the year 2020. Consistent with this, the LABBC set a target to achieve 20% savings across 30 million square feet of existing buildings, and has now enrolled over 52 million square feet, composed primarily of commercial properties.

The LABBC program provides a range of services to assist property owners in achieving the 20% goal, including: goal setting, performance benchmarking, project development support, 3rd party technical review, rebate support and project financing support. The LABBC has developed strategic partnerships with multiple organizations that help to reach property owners and originate projects, including commercial real estate industry groups, affordable housing development organizations, utility partners (i.e. Los Angeles Department of Water and Power), business improvement districts and City programs such as the LA Green Lodging Program and the Arts Earth Partnership.

Examples of major accomplishments to date include: assisting participating properties with a range of projects from water recycling at the Bonaventure Hotel, to HVAC and window film upgrades at City National Plaza, to tenant plug load management with Adler Realty; benchmarking and tracking the performance of 250 City-owned buildings; and development of an innovative project development model which is now being employed by leading property owners such as Hines and the Jonathan Club.

Overall there is a downward trend across participating properties, and we are on track to hit the 20% savings target by 2020. Properties participating in the LABBC are at different stages in the development and execution of their energy efficiency projects, with some at early stages and others in implementation. 250 of the 387 properties participating are City-owned facilities, most of which are still in the planning stages. Of the remaining properties, approximately 50% have already achieved the 20% reduction and the remainder are planning projects and making incremental improvements. Currently, the program is focusing on active partner buildings, and enrolling new buildings that will help achieve the 20% goal within the City.

Priorities for 2015 include expansion of participation amongst owners of affordable multifamily housing, hotels, cultural facilities (non-profits), and recently acquired commercial properties. The LABBC also plans to expand its technology demonstration platform, and continue its work with marketing, education and outreach for the Property Assessed Clean Energy (PACE) financing program and other 3rd party financing options.

CONTRACT AGREEMENT

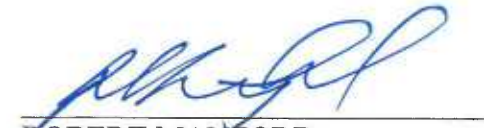
As shown in the attachment, the existing contract between The Gas Company and HCIDLA expires on December 31, 2014. In addition to grants administration and management, scope of services for HCIDLA staff includes: Contract negotiation; program development and implementation; technical supervision and oversight of the City's energy efficiency consultant (Sustento LLC); quality control; and technical support for program implementation, including CEQA/NEPA review, Section 106 review and compliance, preparation and implementation of waste management plans, coordination of permitting and entitlement processing, and coordination of interdisciplinary team's efforts in energy efficiency.

With the approval of the requested recommendations and technical adjustments listed in this report, management and administration of the LABBC grant and related energy efficiency programs already in progress can continue without any break in service or interruptions.

FISCAL IMPACT STATEMENT

This report provides information relating only to the Energy Efficiency and Conservation Block Grant (EECBG) – Southern California Gas Company funds awarded to the City and related contractual activities for energy efficiency and environmental protection. There is no fiscal impact to the General Fund.

Prepared by:



ROBERT MANFORD
Environmental Affairs Officer

Reviewed by:



MANUEL BERNAL
Director of Finance & Development Division

Reviewed by:



HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
General Manager

RDC:HH:MB:RM

Attachment: Existing Contract between HCIDLA & The Gas Company