



City Council Staff Report

Date: July 20, 2011 CONSENT CALENDAR
Subject: CITYWIDE ENERGY MANAGEMENT PROJECT
From: David H. Ready, City Manager
Initiated by: Public Works and Engineering Department

SUMMARY

Pursuant to its agreement with the City, Chevron Energy Solutions ("CES"), a subsidiary of Chevron USA, Inc., has completed a Comprehensive Energy Analysis ("CEA") of all City facilities. The CEA identified certain energy conservation measures ("ECM"s) and it identifies a proposed scope for an energy efficiency and renewable energy project for the City. The CEA will be referred to by staff and the Council in ultimately determining the final scope of the energy management project undertaken by the City.

RECOMMENDATION:

- 1) Receive and file the Comprehensive Energy Analysis dated June 30, 2011, prepared by Chevron Energy Solutions Co.; and
- 2) Schedule a Study Session for September 28, 2011, for a separate discussion with staff and CES to review the list of ECMs proposed as part of the citywide energy management project, and to determine the final scope of the energy management project undertaken by the City.

STAFF ANALYSIS:

On May 18, 2011, the City Council was given a presentation by staff on the Citywide energy management project, including the results of CES' energy audit of all City facilities. At that time, Council deferred giving staff direction on the final scope of the Citywide energy management project, and requested that staff return to Council at a future Study Session to continue a detailed discussion of the project.

Subsequently, pursuant to the terms of the agreement between the City and CES, CES has completed its detailed Comprehensive Energy Audit ("CEA") of all of the City facilities it analyzed, and submitted it to City staff on June 30, 2011, for review and

approval. The terms of the City's agreement with CES require the City to review and agree on a recommended package of Energy Conservation Measures ("ECM"s) within 90 calendar days after submission of the final CEA report to the City. In the event the City does not move forward with the energy management project, the City is required to pay CES a \$250,000 fee for preparation of the CEA, otherwise the fee is rolled into and is paid as part of the energy management project. A copy of Exhibit "B" to the City's agreement with CES is included as Attachment 1.

It continues to be staff's recommendation that the City move forward with a bundled project of ECM's that enable the City to leverage energy savings for needed capital investments to the Municipal Co-Gen plant, the Sunrise Co-Gen plant, lighting retrofits Citywide, and other identified measures. The complete list of ECM's previously reviewed and recommended for approval by the Sustainability Commission were presented to Council on May 18, 2011.

The list of ECM's included:

- Municipal Co-Generation Plant: replace two existing 650 kilowatt rich burn engines with one 1,135 kilowatt lean-burn engine, replace existing chillers, boilers and cooling towers with new efficient equipment
- Sunrise Co-Generation Plant: modify the co-generation operation and replace with a new gas and electric cooling and heating hot water plant
- 439 kilowatt solar system at the Pavilion Parking Lot to provide power to Sunrise Park facilities
- 103 kilowatt solar system at the Convention Center
- Install a new Energy Management System for City facilities connected to the Municipal and Sunrise Plants
- City-wide lighting retrofit and upgrade (approx. 14,000 interior and exterior fixtures)
- Install remote lighting control and monitoring program for Palm Canyon Drive palm tree and decorative lights
- Install a new automated utility metering and monitoring system at the Municipal Plant

Given the discussion on the economics of solar photovoltaic systems with Council on May 18, staff will be recommending against including the 439 kilowatt solar system at the Pavilion Parking Lot, which will reduce the overall cost of the energy management project by approximately \$2.7 Million. Whether or not to include the 103 kilowatt system proposed at the Convention Center can be further discussed with Council at a future Study Session.

Due to the provisions in the City's agreement with CES, it is important that the City Council schedule a Study Session for September 28, 2011, to ensure that the City provides CES with direction on the scope of the energy management project prior to the 90 day deadline established by the agreement.

FISCAL IMPACT:

In the event the Council determines not to proceed with the energy management project, pursuant to the terms of the current agreement between the City and CES approved by Council on July 21, 2010, the City is obligated to pay CES a project development fee of \$250,000 as payment for its costs to perform the energy audits and complete the Comprehensive Energy Audit in which the recommended ECM's have been identified.

SUBMITTED:

Prepared by:



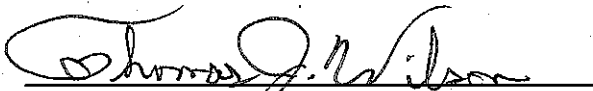
Marcus L. Fuller
Assistant Director of Public Works

Recommended by:



David J. Barakian
Director of Public Works/City Engineer

Approved by:



Thomas J. Wilson, Asst. City Manager



for David H. Ready, City Manager

Attachments:

1. Exhibit "B" to Agreement with CES

NOTE: Comprehensive Energy Audit (on file in the Office of the City Clerk)

EXHIBIT "B"

Fee Estimate

Except as provided for below, within 90 calendar days of the City's review and approval of final Comprehensive Energy Analysis (CEA) report as submitted by the Consultant, City shall compensate Consultant for performance of the Energy Audit by payment to Consultant of Two Hundred Fifty Thousand Dollars (\$250,000). This fee is for performance of the Scope of Work set forth in Exhibit A.

As set forth in Exhibit A (I)(J-L), the City shall have input and discretion in determining the conclusions, recommendations and ECMs to be incorporated in the final CEA report. As indicated in the Scope of Work set forth in Exhibit A, the City shall be entitled to review the retrofit options proposed in the Energy Audit, and to agree on the Consultant's recommended package of ECMs consistent with the City's investment and infrastructure improvement goals.

- A. City shall have no payment obligations at the time of execution of this Agreement, but acknowledges that the fee indicated above shall be incorporated into the total contract amount in the event City and Consultant execute an Energy Services Agreement within ninety (90) calendar days after submission of the final CEA report by Consultant to the City. However, if the parties do not execute an Energy Services Agreement within ninety (90) calendar days after the City review and approval of Consultant's final CEA report to City, then the audit fee set forth above shall be immediately due and payable by City to Consultant. City and Consultant agree to enter into good faith negotiations of an Energy Services Agreement immediately following completion of the Energy Audit.
- B. City and/or Consultant reserve the right to terminate the Agreement at any time during the comprehensive audit. If canceled by City, costs incurred by Consultant at the date of termination would be pro-rated based on percentage of completion, and payable by City.
- C. Should the Consultant determine any time during the Energy Audit that the projected savings to City will not support a paid-from-savings project, Consultant shall immediately notify City, and the audit shall be terminated by Consultant. In this event, this Agreement shall terminate and the City shall have no obligation to pay any amount to the Consultant. For purposes of this Agreement, a "paid-from-savings project" shall mean an energy service contract as identified in Section 4217.12 of the California Government Code.

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