

November 21, 2006

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
November 28, 2006

**SOUTH BAY CITIES COUNCIL OF GOVERNMENTS (SBCCOG) ENERGY EFFICIENCY
PROCUREMENT PROGRAM RESOLUTION**

Recommendation:

It is recommended that the City Council adopt Resolution #____ establishing its commitment to voluntarily participate in the SBCCOG Energy Efficiency Procurement Program.

Summary:

Over the past several years, rising energy costs and challenges with energy supplies have resulted in an unprecedented increase in energy prices. These increased costs have placed a greater strain on city budgets, as well as tapped the discretionary income of both residents and the business community.

In response to the ongoing energy crisis, the South Bay Cities Council of Governments (SBCCOG) has been working closely with Southern California Edison and the Southern California Gas Company to develop and implement several important programs and initiatives. The attached Resolution #____ establishes the City's intention to participate in the SBCCOG Energy Efficiency Procurement Program.

Background:

The SBCCOG has been actively addressing the ongoing energy crisis. In addition to operating the South Bay Energy Savings Center, which serves as a central clearinghouse for valuable energy efficiency programs, the SBCCOG completed a comprehensive assessment of energy efficiency opportunities throughout the residential and commercial sectors of the region. It then went on to conduct assessments of over 60 facilities in 14 of its member agencies uncovering a number of energy efficiency improvements that could produce annual savings of over 4 million kilowatt-hours (kWh) of electricity, over 15,000 therms of natural gas and over \$3.3 million in combined electricity and natural gas cost savings over 5 years (\$663,000 per year).

The SBCCOG is now assisting its members to capture these potential savings. Currently, it is pursuing programs to aggregate public agency projects to gain economies of scale that would reduce overall costs and improve the cost-effectiveness of these projects. Several purchasing initiatives are planned.

The first initiative, which was a straightforward aggregation of the purchase of simple devices that save energy in vending machines, has saved individual agencies more than 40% on the cost of these devices compared to purchasing on their own. The program will build on this initiative to pursue more comprehensive projects that involve voluntary participation in energy efficient lighting retrofits, heating, ventilation and air-conditioning improvements, pump efficiency improvements, and others in South Bay city facilities.

Additional opportunities exist to assist the local community to improve its energy efficiency during remodels and reconstruction of existing commercial facilities. It is not uncommon to reduce the energy consumption of retrofitted commercial facilities by as much 50%.

Additionally, new construction projects can take advantage of the growing interest and trend

toward more sustainable green building practices that leverage a small initial investment into significant returns over the life of the building.

Energy costs have become a primary factor in determining the direction of the broader economy. In addition, energy costs have now become a greater burden to the residents and businesses that support the local tax base. Significant opportunities exist for cities to actively engage in supporting and promoting programs and initiatives to create significant energy and cost savings, thereby retaining dollars in the local economy.

By adopting the attached Resolution, the City will demonstrate its commitment to voluntarily participating in the SBCCOG Energy Efficiency Procurement Program.

Fiscal Impact:

Actual cost to the City has not yet been determined. This re-lamping project will be included in the 2007/08 FY budget.

Attachments:

Resolution

Respectfully submitted,



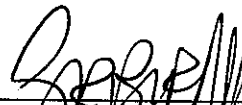
Richard D. Morgan, P.E.
Director of Public Works/City Engineer

Noted for fiscal impact:

Concur:



Viki Copeland
Finance Director



Stephen R. Burrell
City Manager

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH ESTABLISHING ITS INTENTION TO PARTICIPATE IN THE SOUTH BAY CITIES COUNCIL OF GOVERNMENTS (SBCCOG) ENERGY EFFICIENCY PROCUREMENT PROGRAM

BE IT RESOLVED by the Council of the City of Hermosa Beach as follows:

SECTION 1: The City Council finds as follows:

The South Bay Cities Council of Governments (SBCCOG), of which the City is a member, has developed the "Public Agency Facilities Energy Efficiency Program ("EE+ Program)," which is being conducted in conjunction with the 2006-2008 Local Government Partnership Energy Efficiency Program with Southern California Edison and Southern California Gas Companies under the auspices of the California Public Utilities Commission.

The Program is designed to assist public agencies in the South Bay to achieve higher levels of energy efficiency in public facilities by working through a natural "aggregator" of public agencies. The goal is to reduce overall barriers and costs of energy efficiency projects through joint procurement in order to make projects feasible that may not otherwise be considered cost-effective.

The initial procurement initiative has installed energy savings controllers on vending machines throughout SBCCOG member cities. Once the initiative is completed, with all cities taking advantage of the opportunity, over 250 devices will have been installed resulting in over 360,000 kWh in annual energy savings, over \$32,000 of annual energy cost savings, and procurement cost savings of 33% (project cost savings as a direct result of joint procurement).

The SBCCOG is conducting various procurement initiatives, which involve the qualification of potential bidders (as provided for in Public Contracts Code §20101), the specification of energy efficiency projects, and the receipt of bids for these projects.

City staff is participating in the development of procurement documents, project specifications and will review all contractor qualifications and bids.

SECTION 2: If the City finds the resulting project bids acceptable and can finance the projects, the City will execute contracts for services based on this procurement process.

SECTION 3: Nothing contained within this Resolution, or otherwise, will require the City to rate, or consider, contractors who have submitted documents that are materially false, substantially incomplete, or are untimely. Any contractor who submits such documents will be deemed to have waived its right to be considered for bidding on public works contracts until such time as the City again invites prospective contractors to become prequalified.

SECTION 4: This Resolution will remain effective until repealed or is superseded by subsequent resolutions or by ordinance.

SECTION 5: This Resolution will take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Hermosa Beach, California at a regular meeting held this 28th day of November, 2006.

PRESIDENT of the City Council and MAYOR of the City of Hermosa Beach, California

ATTEST:

APPROVED AS TO FORM:

City Clerk

City Attorney