



TOM TINDALL
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

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April 17, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 April 17, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**APPROVE INTERGOVERNMENTAL CONTRACT AMENDMENT WITH
THE CALIFORNIA ENERGY COMMISSION TO IMPLEMENT
COUNTY FACILITY ENERGY REVOLVING FUND PROGRAM
(3 VOTES) (ALL DISTRICTS)**

SUBJECT

Request approval to accept up to \$5 million in additional funding from the California Energy Commission (CEC) for the Internal Services Department to implement an Energy Investment Program at various County facilities.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Internal Services Department (ISD) or his designee to execute an amendment to the Intergovernmental Contract (Contract) with the CEC to provide up to \$5.0 million in additional Energy Efficiency and Conservation Block Grant (EECBG) funds to administer and implement an Energy Investment Program for County facility energy projects.
2. Find that approval of these actions is categorically exempt pursuant to the provisions of the California Environmental Quality Act (CEQA).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In September 2009, your Board approved the creation of the County Office of Sustainability within ISD to respond to legislation, regulation, and policy related to climate change, and to coordinate energy efficiency, conservation, and sustainability programs within the County and the region. Subsequently, your Board directed ISD to represent the County in applying for American Recovery and Reinvestment Act (ARRA) grants administered through the Department of Energy (DOE) and State energy agencies. As a result, ISD has received and is currently administering the following grants:

- \$15.4 million from the formula-allocated Energy Efficiency and Conservation Block Grant (EECBG) program;
- \$12.2 million from the California Energy Commission (CEC) Energy Efficiency and Conservation Block Grant program. Under the existing agreement, the CEC may also allocate an additional \$5 million for the County to manage on behalf of other jurisdictions in the State.
- \$14 million from the \$30 million Competitive Energy Efficiency and Conservation Block Grant, termed Better Buildings Program (BBP), awarded to the County and three other California regional entities.

The proposed amendment to the current CEC Contract would provide up to \$5.0 million in additional funding to the County to implement an Energy Investment Program (EIP) designed by ISD, which will provide a long-term funding source for energy efficiency projects in County facilities. The fund will work as follows:

- The EIP is provided with an initial budget to fund energy projects in County buildings.
- The projects are implemented and the utility savings realized from the projects are measured and verified. The savings are then used to “pay back” the EIP until the cost of each project is fully recovered.
- Once project costs are recovered, the Department proprietor for the building receives the full benefit of the utility savings going forward, and an improved building environment.
- The EIP is continuously replenished and can be tapped to fund other County building energy projects. Each project will similarly use utility savings to “pay back” the fund.

In 1994, under the Board’s direction, ISD created the Energy Management Division (EMD) to administer and implement energy projects in County facilities. Since then EMD has overseen the completion of nearly 400 projects resulting in cumulative utility savings estimated at approximately \$150 million to date, and a current average utility savings of nearly \$20 million annually.

ISD has used a combination of investor-owned and municipal utility funding, municipal lease financing, general fund budget allocations, and litigation proceeds to fund these projects. However, finding a continuous, stable source of funding for energy projects has prevented the development of strategy for implementing comprehensive measures in County facilities over a set planning horizon.

Utilizing these CEC grant funds will save limited County general fund dollars, and will ensure increased, long-term utility savings in County buildings. It is estimated that the \$5 million grant from the CEC will result in over \$18 million in utility savings over a ten year period.

Implementation of Strategic Plan Goals

These actions support Goal 1, Operational Effectiveness, by obtaining external funding to promote environmentally responsible practices.

FISCAL IMPACT/FINANCING

Due to lower-than-expected utilities expenditures, ISD's Fiscal Year (FY) 2011-12 Utilities Budget has sufficient available appropriation for anticipated EIP expenditures during the remainder of the fiscal year. For grant-funded EIP expenditures that continue in FY 2012-13, ISD will include sufficient appropriation in its FY 2012-13 Final Changes budget request.

This action will not impact net County cost. Requests for activities beyond FY 2012-13 will be submitted with ISD's annual Utilities budget request.

ISD will administer the EIP utilizing the CEC grant funds as the initial funding source. Departments that receive the benefits from the projects in the form of lower utility costs will repay the Utilities Budget for the project costs over a fixed period of years. The annual payments will approximate the utility cost savings from the EIP. For most projects, it is expected that the cumulative utility savings will fully offset the project costs within two to four years.

Departments will benefit from the lower utility costs when the project repayment is completed. The Utilities Budget will reinvest the project repayments into more projects to continually implement efficiencies in countywide utility operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 22, 2010, ISD was notified by the CEC of its intention to award an intergovernmental contract through the Department of General Services in the amount of \$8 million to the County to expand the Energy Upgrade California - Los Angeles (EUCLA) program's marketing, education, outreach and workforce development activities to other cities in the County. The intergovernmental contract was awarded under a sole source statutory exemption using non-State Energy Program EECBG funds. On June 10, 2010, your Board delegated authority to the Director of ISD to execute all required documents and to subsequently approve any required time extensions, modifications, or amendments to the contract with the CEC.

In July 2011, CEC amended that contract to provide an additional \$1.2 million to support the EUCLA program by developing more comprehensive marketing efforts into cities throughout the County through collaboration with the Councils of Governments and directly with local governments. This funding was approved in the FY 2011-12 Utilities Final Adopted budget.

On March 6, 2012, your Board approved an additional \$8 million CEC amendment, which provided \$3 million in funding for various financing programs in support of EUCLA, including Loan Loss Reserve programs for private residential and multifamily financing programs, debt service reserves for non-residential PACE liens, and a similar revolving loan fund for training and certification costs undertaken by qualified EUCLA contractors. For the remainder of the funding provided by this amendment, the CEC may provide up to \$5 million for the County to manage on behalf of other jurisdictions.

This latest amendment will provide up to \$5 million in additional funding for the County building energy revolving fund program. The amendment ensures that the CEC can enforce the DOE requirements for these financing programs beyond the current term of the Contract, and adds contingency language ensure all Contract funds are spent effectively and within the interests of the DOE ARRA program even after the term of the ARRA grants. The Contract will be effective upon execution through June 2017.

The CEC has scheduled approval of this amendment at its meeting of April 11, 2012, and will provide the County with a resolution acknowledging approval of the amendment thereafter. Attachment I provides the Contract Amendment Proposal to be placed on the CEC's April 11, 2012, Commission meeting agenda, indicating their intent to amend the agreement with the County.

The terms and conditions of the Contract amendment will become part of the current CEC Contract and have been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The project meets the criteria set forth in Section 15308 of the State CEQA Guidelines and Class 8 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, in that it is an action taken by a regulatory agency, as authorized by State law, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment.

The project is within a class of projects that has been determined not to have a significant effect on the environment. In addition, there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based on the project records. Upon approval by your Board, ISD will file a Notice of Exemption with the County Clerk in accordance with Section 15062 of the State CEQA Guidelines.

CONTRACTING PROCESS

This intergovernmental contract amendment will be negotiated by ISD and CEC to define the scope of work and deliverables for the administration and implement the County building EIP.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will facilitate additional, widespread implementation of energy projects in County buildings; produce utility savings in County facilities which can then be used to fund future projects, and provide a secure and predictable source of energy project funding to support development of a long-term energy strategic plan for County infrastructure.

CONCLUSION

The Executive Office of the Board of Supervisors is requested to return one stamped copy of the approved Board letter to the Director of ISD.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tom Tindall".

TOM TINDALL

Director

TT:HC:AR

Enclosures

c: Chief Executive Officer
Deputy Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel

CONTRACT REQUEST FORM (CRF)

CEC-94 (Revised 11/10)

CALIFORNIA ENERGY COMMISSION



New Contract - - Amendment to Existing Contract: 400-09-024 Amendment Number: 4

Division	Contract Manager:	MS-	Phone	CM Training Date
400 Efficiency Renewable Energy Division	Samuel Lerman	26	916-651-3705	7/26/10

Contractor's Legal Name	Federal ID Number
County of Los Angeles Internal Services Department	95-6000927

Title of Project
Retrofit LA

Term	Start Date	End Date	Amount
New/Original Contract	08 / 25 / 10	06 / 14 / 12	\$ 8,000,000

Line up the Amendment information as best as possible in the following boxes

Amendment #	End Date (mm/dd/yy)	Amount
1	06/14/12	\$1.2 million
2	06/14/12	\$0
3	03/31/17	\$8 million
4	03/31/17	\$5 million

Business Meeting Information			
Proposed Business Meeting Date	4/11/12	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Discussion
Business Meeting Presenter	Samuel Lerman	Time Needed:	5 minutes

Agenda Item Subject and Description
Possible approval of Amendment 4 to Contract 400-09-024 to add up to \$ 5 million in spending authority contingent upon funding availability and program performance for Los Angeles County's existing Municipal Building Revolving Loan Fund.

Business Meeting approval is not required for the following types of contracts: *Executive Director's signature is required in all cases.*

- Contracts less than \$10k (*Policy Committee's signature is also required*)
- Amendment for a no-cost time extension. Must be first extension, less than one year and original contract less than \$100k.
- Contracts less than \$25k for Expert Witness in Energy Facility licensing cases and amendments.

Purpose of Contract or Purpose of Amendment, if applicable
Possible approval of Amendment 4 to Contract 400-09-024 to add up to \$ 5 million in spending authority contingent upon funding availability and program performance for Los Angeles County's existing Municipal Building Revolving Loan Fund.



California Environmental Quality Act (CEQA) Compliance

1. Is Contract considered a "Project" under CEQA?
 Yes: skip to question 2 No: complete the following (PRC 21065 and 14 CCR 15378):

Explain why contract is not considered a "Project":
 Contract will not cause direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment because

2. If contract is considered a "Project" under CEQA:

- a) Contract **IS** exempt. (Draft NOE required)
 - Statutory Exemption. List PRC and/or CCR section number:
 - Categorical Exemption. List CCR section number: Section 15301 (repair and minor alteration of existing public or private structures)
 Section 15302 (replacement or reconstruction of existing structure)
 Section 15306 (information collection)
 Section 15308 (action to protect the environment)
 Section 15309 (inspections)
 Section 15322 (education or training)

Common Sense Exemption. 14 CCR 15061 (b) (3)

Explain reason why contract is exempt under the above section:
 Contract will not cause a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment because the work involves primarily home energy audits/ratings and energy efficiency upgrade improvements for residential and multi-family buildings.

b) Contract **IS NOT** exempt. The Contract Manager needs to consult with the Energy Commission attorney assigned to their division and the Siting Office regarding a possible Initial Study.

Budgets Information

Contract Amount Funded		Breakdown by FY			Funding Sources			
Funding Source	Amount	FY	Amount	Approved ?	Funding Source	FY	Budget List No.	Amount
ARFVTF	\$		\$	No	Funding Source			\$
ECAA	\$		\$	No	Funding Source			\$
State- ERPA	\$		\$	No	Funding Source			\$
Federal	\$22,200,000	09-10	\$22,200,000	Yes	Federal	09-10	901.003	\$22,200,000
PIER - E	\$		\$	No	Funding Source			\$
PIER - NG	\$		\$	No	Funding Source			\$
Reimbursement	\$		\$	No	Funding Source			\$
Other	\$		\$	No	Funding Source			\$
TOTAL: \$22,200,000		TOTAL: \$22,200,000			TOTAL: \$22,200,000			
Reimbursement Contract #:					Federal Agreement #: DE-EE0000905			

Contractor's Administrator/ Officer		Contractor's Project Manager	
Name:	Howard Choy	Name:	Howard Choy
Address:	1100 N. Eastern Avenue	Address:	1100 N. Eastern Avenue
City, State, Zip:	Los Angeles, CA 90063	City, State, Zip:	Los Angeles, CA 90063
Phone/ Fax:	(323)267-2006 / (323)260-5237	Phone/ Fax:	(323)267-2006 / (323)260-5237
E-Mail:	hchoy@isd.lacounty.gov	E-Mail:	hchoy@isd.lacounty.gov

Contractor Is

- Private Company (including non-profits)
- CA State Agency (including UC and CSU)
- Government Entity (i.e. city, county, federal government, air/water/school district, joint power authorities, university from another state)

Selection Process Used

- Solicitation Select Solicitation Type Solicitation #: - -
- Non Competitive Bid (Attach CEC 96)
- Exempt Other Governmental Entity



Civil Service Considerations

- Not Applicable (Contract is with a CA State Entity or a membership/co-sponsorship)
- Public Resources Code 25620, et seq., authorizes the Commission to contract for the subject work. (PIER)
- The Services Contracted:
 - are not available within civil service
 - cannot be performed satisfactorily by civil service employees
 - are of such a highly specialized or technical nature that the expert knowledge, expertise, and ability are not available through the civil service system.
- The Services are of such an:
 - urgent
 - temporary, or
 - occasional nature
 that the delay to implement under civil service would frustrate their very purpose.

Justification:

Payment Method

- A. Reimbursement in arrears based on:
 - Itemized Monthly Itemized Quarterly Flat Rate One-time
- B. Advanced Payment
- C. Other, explain:

Retention

- 1. Is contract subject to retention? No Yes
- If Yes, Do you plan to release retention prior to contract termination? No Yes

Justification of Rates

The county of Los Angeles Internal Services Department is a local government agency and their compensation is determined by civil service classifications.

Disabled Veteran Business Enterprise Program (DVBE)

- 1. Not Applicable
- 2. Meets DVBE Requirements DVBE Amount:\$ _____ DVBE %: _____
 - Contractor is Certified DVBE
 - Contractor is Subcontracting with a DVBE: _____
- 3. Requesting DVBE Exemption (attach CEC 95)

Is Contractor a certified Small Business (SB), Micro Business (MB) or DVBE?

- No Yes
- If yes, check appropriate box: SB MB DVBE

Is Contractor subcontracting any services?

- No Yes
- If yes, give company name and identify if they are a Small Business (SB), Micro Business (MB) and/or DVBE:
- See approved agreement for a list of all subcontractors No SB MB DVBE
- _____ No SB MB DVBE
- _____ No SB MB DVBE

Miscellaneous Contract Information

- 1. Will there be Work Authorizations? No Yes
 - 2. Will there be IT expenditures? No Yes
 - 3. Is the Contractor providing confidential information? No Yes
 - 4. Is the contractor going to purchase equipment? No Yes
 - 5. Check frequency of progress reports
 - Monthly Quarterly Other...
 - 6. Will a final report be required? No Yes
 - 7. Is the contract, with amendments, longer than a year? If yes, why? No Yes
- Funding for ARRA EECBG contracts end on June 14, 2012.

