

South Bay Cities Council of Governments

November 5, 2018

TO: SBCCOG Steering Committee

FROM: Jacki Bacharach, Executive Director
Kim Fuentes, Deputy Executive Director

RE: Energy Efficiency Budget Shortfall

Adherence to Strategic Plan:

GOAL D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity.

BACKGROUND

The South Bay Cities Council of Governments (SBCCOG), working with an energy engineer, operates a partnership program that provides assistance to member cities to identify and facilitate completion of energy efficiency projects. This work includes completing Edison and SoCalGas city incentive applications, facility audits, equipment recommendations, and advocates to the utilities on behalf of the member cities.

In addition to extremely large kWh and Therms savings over the last seven years - 14,740,302 annual kWh and 60,994 annual Therms – the SBCCOG has facilitated:

- \$1,679,849 Direct Install free equipment and installation
- \$1,573,366 annual Energy Cost savings
- \$2,859,503 total Incentive checks received by our member cities

FUNDING CRISIS

For 2019, Edison severely cut the SBCCOG partnership budget by \$152,485. As a result, there is an overall program shortfall resulting in a lack of resources to deliver energy efficiency projects. SBCCOG staff has been working to identify opportunities; however at this time it appears unlikely that new funding can be secured until the end of 2019 at the earliest.

DISCUSSION

City staff relies heavily on the SBCCOG as well as the energy engineer to assist with implementation of energy efficiency projects. Without this expertise and resource, it is doubtful that member cities will be able to continue to make significant progress towards energy and money saving projects. There are many examples of how the SBCCOG team has mobilized to secure expiring incentives and advocated on behalf of cities.

In addition, it is a critical time for energy efficiency because of recent California Public Utilities Commission rulings. The utilities have been instructed and actions are underway to move 60% of the energy efficiency portfolio to 3rd party providers. These rulings effect commercial, residential, and the government sector. It is unclear what programs will be available in 2020 and solicitations for 3rd parties are starting January 2019. In addition, it is unknown how these

programs will be delivered to the South Bay community and if not coordinated, could cause confusion with residents, businesses, and even local governments. During this time of uncertainty, it is essential to have a team available to provide guidance to the cities to help ensure continuation of effective delivery of energy efficiency programs.

Furthermore, in 2019, several projects are scheduled to be completed including facility benchmarking and 15 energy efficiency projects. The 15 projects have an estimated incentive value of \$1,005,645 and 5,717,734 kWh in savings.

OPTIONS

SBCCOG staff has discussed these critical issues with the Energy Managers Working Group which is comprised of city facility, public works, and planning staff as well as utility partners. The cities have expressed interest in contributing to a fund to support technical assistance.

Options to address the shortfall are identified below:

1. Flat Rate City Assessment - each city would be assessed \$10,165 for 2019 (excludes City and County of Los Angeles) based on \$152,485 shortfall divided by 15 cities.
2. City Assessment Based on Incentive Received or Annual Savings accumulative from 2011 - Aug. 2018 see chart below (*note: red indicates minimum amount*):

Cities	Incentive Received (\$)	Annual Energy Savings (\$)	.05% of incentives	.09% of Annual Savings
Carson	\$485,227	\$279,384	\$24,261	\$25,144
El Segundo	\$17,274	\$27,885	\$863	\$2,509
Gardena	\$45,734	\$57,735	\$2,286	\$5,196
Hawthorne	\$77,817	\$85,527	\$3,890	\$7,697
Hermosa Beach	\$149,540	\$95,942	\$7,477	\$8,634
Inglewood	\$652,496	\$305,128	\$32,624	\$27,461
Lawndale	\$23,899	\$27,145	\$1,194	\$2,443
Lomita	\$22,350	\$21,147	\$1,117	\$1,903
Manhattan Beach	\$145,255	\$129,404	\$7,262	\$11,646
PVE	\$0	\$10,526	\$500	\$947
RPV	\$9,075	\$15,944	\$453	\$1,434
Redondo Beach	\$65,838	\$117,656	\$3,291	\$10,589
Rolling Hills	\$0	\$2,742	\$500	\$246
Rolling Hills Estates	\$10,979	\$11,994	\$548	\$1,079
Torrance	\$1,154,020	\$385,206	\$57,700	\$34,668
TOTAL	\$2,859,503	\$1,573,366	\$143,975	\$141,602

3. Dues are \$372,500 so 1/3 of the dues would be proportional and with LA City and LA County removed it would total \$94,594.80. It would be divided as follows:

Cities	Dues	1/3 of dues
Carson	\$25,461	\$8,487.01
El Segundo	\$15,708	\$5,235.97
Gardena	\$20,691	\$6,896.95
Hawthorne	\$26,006	\$8,668.73
Hermosa Beach	\$11,452	\$3,817.44
Inglewood	\$38,554	\$12,851.31
Lawndale	\$13,586	\$4,528.61
Lomita	\$10,198	\$3,399.22
Manhattan Beach	\$16,545	\$5,514.92
PVE	\$9,628	\$3,209.43
RPV	\$14,735	\$4,911.59
Redondo Beach	\$22,999	\$7,666.29
Rolling Hills	\$5,891	\$1,963.70
Rolling Hills Estates	\$8,515	\$2,838.35
Torrance	\$43,816	\$14,605.27
TOTAL	\$372,500	\$124,166.67

4. 5% of project in the 2019 pipeline - \$105,836.70 electric and \$4,999.20 gas. See staff updates for list of projects.
5. Both option 2 and 4 which would be assessing 5% on all project incentive cash rewards since 2011 and going forward.

RECOMMENDATION

Discuss options and provide direction.