

Agenda Report

September 9, 2019

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: AUTHORIZE AN AGREEMENT WITH ALTERNATIVE ENERGY SYSTEMS CONSULTING, INC. ("AESC") FOR TECHNICAL SUPPORT ON ENERGY EFFICIENCY AND ELECTRIFICATION PROGRAMS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption or General Rule);
2. Authorize the City Manager, or his designee, to enter into a contract without competitive bidding pursuant to City Charter Section 1002 (F) Contracts for professional or unique services, with AESC for technical support on energy efficiency and electrification programs in an amount not to exceed \$300,000 or two years, whichever comes first, with three optional one-year extensions of up to \$150,000 each subject to the approval of the City Manager. If these options are exercised the total contract amount would be up to \$750,000; and,
3. It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code ("PMC") Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

Pasadena Water and Power ("PWP") currently offers a variety of customer facing programs to encourage the efficient use of energy and to help the utility meet City Council approved conservation goals. Also, as PWP's use of renewable resources continues to grow, there is an emerging opportunity to meet the City's sustainability goals by encouraging the use of low-carbon electricity to meet our customers' energy needs in lieu of fossil fuels. PWP is the process of complementing its long-standing energy conservation programs with new "electrification" programs that are intended to accelerate the adoption of electric alternatives to fossil fuel use in homes, commercial buildings, and the transportation sector, resulting in reduced citywide greenhouse gas ("GHG") emissions

while improving both indoor and outdoor air quality and overall safety. Energy efficiency and electrification programs will remain a long-term ongoing effort that evolves over time.

Staff recommends entering into a professional services contract with AESC for a maximum of five years, in an amount not to exceed \$750,000 to support design, implementation, and customer support services for PWP's energy efficiency and electrification programs. As summarized in Table I, AESC's engineering expertise will play a key role in supporting existing efficiency programs and developing new electrification program. AESC will assist with on-site inspections, desktop reviews, and technical support for Title 24 (building code) changes and will host the online rebate calculator used for PWP's commercial rebate program. AESC will be able to provide technical assistance to large commercial customers who are considering switching various operational processes to all-electric equipment. AESC will assist PWP with calculating the anticipated load growth associated with potential electrification programs and measures to assist with incentive design, cost effectiveness tests, and estimating associated overall GHG emissions reductions. Throughout the lifetime of each respective program, the level of external support required will vary. Program design and start-up phases typically require more resources, but ongoing evaluation, measurement and verification services are needed to ensure overall effectiveness.

Table I – Summary of Professional Services

Incentive Program Name/Initiative	Technical Support Services
Energy Efficiency ("EE"): Business Rebates Program	Review deemed energy savings and rebate amounts
EE: Customized Incentive Program	Pre/post inspection; desktop review; rebate estimator
EE: General Program Support	Title 24 updates; deemed savings calculations for measures not included in current databases or reference manuals
Electrification: New Construction	Review of proposed incentives and anticipated load growth
Electrification: Residential Appliances	Estimate appliance electric usage and GHG reduction
Electrification: Existing Commercial	Estimate electric usage and GHG reduction for retrofit projects

AESC is an energy engineering practice headquartered in Carlsbad, CA, with a local office in Pasadena, CA. They are under contract with the Southern California Public Power Authority's ("SCPPA") to provide consulting services on energy efficiency, renewable energy, distributed energy resources, electrification and custom software implementation. AESC was selected by a team of SCPPA members, including PWP, through a request for qualifications ("RFQ") process seeking engineering consulting services for energy efficiency programs, and is utilized by numerous SCPPA member utilities including PWP. As staff anticipates that AESC will now be performing more PWP-specific and on-site services, it would be appropriate for the City to contract directly with AESC at this time.

It is in the City's best interest to authorize the recommended contract to AESC without competitive selection based on their local presence, qualifications, familiarity with PWP's

existing incentive programs, extensive experience working with many local public utilities, and competitive rates based on responses to the SCPA RFQ. While staff anticipates spending up to \$150,000 per year on average, services will be provided only on an "as-needed" or task-order basis and the recommended contract does not guarantee any particular amount of work or compensation to AESC.

AESC has no current or past contracts the City. Staff does not anticipate that the recommended contract award will result in any new hires.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's Strategic Planning Goal to increase conservation and sustainability; the ten-year energy efficiency goals adopted by the City Council on March 13, 2017; the City's Urban Environmental Accords Goals; the City's Climate Action Plan; and, the 2018 Power Integrated Resource Plan. Technical support for energy efficiency programs directly contributes to the success of overall energy conservation efforts within the city and result in accelerate greenhouse gas emissions reductions through the development of electrification programs that eliminate direct fossil fuel use in new and existing buildings.

ENVIRONMENTAL ANALYSIS:

The proposed action is the execution of an agreement for professional services related to engineering consulting and program implementation support services. This action has been determined to be exempt from environmental review pursuant to State CEQA Guidelines Section 15061(b)(3), the common sense exemption (formerly the general rule) that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; such is the case for the proposed professional services agreement for engineering consulting.

FISCAL IMPACT:

The cost of this action will be up to \$750,000, over five years. Staff anticipates annual expenditures for FY 2020 will be approximately \$150,000. Funding for this action will be addressed by the utilization of existing and future budgeted appropriations in the Public Benefits Fund account 41609140-811510 (Consultant Services).

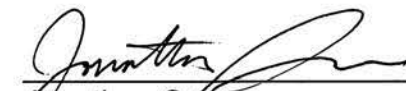
The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,



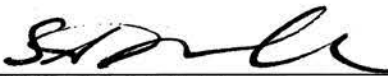
GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



JONATHAN SUN
Conservation Program Analyst
Water and Power Department

Approved by:



STEVE MERMELL
City Manager