

Memorandum



DATE February 28, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Upcoming Agenda Item: Purchase of Renewable Energy Credits 2014 - 2016

Staff is finalizing the details of a March 26, 2014 Council Agenda item for your consideration authorizing the purchase of renewable energy credits (RECs).

The City has purchased RECs since 2008 as a key component of the City's sustainability efforts. Through 2013, RECs were included in the City's electricity supply agreement. In December 2012, staff negotiated and Council approved an amendment and extension of the electricity supply agreement covering January 2013 – May 2016. The extension provided lower electricity rates for 2013 than the original agreement. A December 2013 briefing to the Budget, Finance & Audit Committee projected 2013 electricity savings of \$887,483 and actual savings realized were \$1,391,556.17.

We did not include RECs for 2014 through 2016 in the extended electricity supply agreement in order to pursue more favorable pricing thought to be available through a separate procurement. REC pricing in the previous contract was \$1.50 per REC. The best pricing available during negotiation of the extended electricity supply agreement was \$2.75 per REC. The City solicited proposals and received nine responses. Negotiations with the most advantageous proposer are expected to be completed in the next week and result in a proposed cost of less than \$1.50 per REC. The proposed purchase would allow the City to remain the 4th largest local government consumer of green power as recognized by the United States Environmental Protection Agency and may offset 50% of the City's electricity consumption and associated greenhouse gas emissions.

As part of the solicitation process and in an effort to increase competition, Business Development and Procurement Services used its procurement system to send out email bid notifications to vendors registered under the respective commodities. Every effort was made to ensure maximum vendor outreach.

Forest E. Turner
Assistant City Manager

c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Daniel F. Solis, Administrative Judge
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager