

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

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Early Education Coalition

Dr. Clarence Monteclaro (Alternate)

Tenth District PTSA

Connie Yee (Alternate)

L.A. Co. Auditor-Controller's Office

Joseph P. Buchman – Legal Counsel

Burke, Williams & Sorensen, LLP

Lori Raineri and Keith Weaver – Oversight Consultants

Government Financial Strategies

Timothy Popejoy

Bond Oversight Administrator

Perla Zitle

BOC Staff

RESOLUTION 2020-25

BOARD REPORT NO. 108-20/21

AUTHORIZATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN TO APPROVE \$15 MILLION FOR AN ENERGY EFFICIENT LIGHTING UPGRADE PROGRAM

WHEREAS, District staff proposes that the Board of Education (1) approve a Memorandum of Understanding (MOU) between the Los Angeles Unified School District (Los Angeles Unified) and the Los Angeles Department of Water and Power (LADWP), and (2) amend the Facilities Services Division Strategic Execution Plan (FSD SEP) to approve \$15 million in Bond Program funds for energy efficient lighting upgrades as part of Los Angeles Unified's in-kind contribution under the terms of the proposed MOU, and further authorize the Chief Facilities Executive and/or his designee(s) to execute all instruments reasonably related to the MOU as described in Board Report No. 108-20/21, a copy of which is attached hereto in the form it was presented to the BOC and is incorporated herein by reference; and

WHEREAS, In 2015, the Board of Education approved an MOU with LADWP valued at approximately \$45.3 million for energy efficient lighting installation, plumbing fixture upgrades, new technology pilots, and conservation awareness programs. The MOU was extended in 2019 and expired in October 2020; and

WHEREAS, A new MOU is needed to continue these energy and water efficiency efforts. Under the terms of the proposed 2020 MOU, LADWP will continue to invest in energy and water efficiency projects and programs, as well as new technology pilots (such as heating and cooling systems) that will help reduce the impact of rising utility costs on the General Fund; and

RESOLUTION 2020-25

AUTHORIZATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN TO APPROVE \$15 MILLION FOR AN ENERGY EFFICIENT LIGHTING UPGRADE PROGRAM

WHEREAS, The term of the proposed 2020 MOU is five years; each calendar year within the term is a “term year.” The total value of the MOU is \$87.5 million, of which LADWP will invest approximately \$72.5 million in District upgrades and programs (or \$14.5 million per term year) and Los Angeles Unified will contribute approximately \$15 million (or up to \$3 million per term year) in in-kind services and matching funds in support of direct installation of energy efficiency lighting upgrades, including costs related to administration, management, inspections, and design staff responsible for obtaining necessary permits and approvals in order to undertake the work; and

WHEREAS, The District’s in-kind contribution of \$3 million per term year for five years, totaling \$15 million, for energy efficient lighting upgrades will be funded with Bond Program funds earmarked specifically for critical school upgrades and safety improvements to school building components; and

WHEREAS, District staff has concluded that the proposed SEP Amendment will help facilitate implementation of the FSD SEP, and therefore, it will not adversely affect the District's ability to successfully complete the FSD SEP; and

WHEREAS, On an annual basis, the Facilities Services Division will report on the progress of the energy efficient lighting upgrade program related to this 2020 MOU.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The School Construction Bond Citizens' Oversight Committee recommends that the Board of Education adopt an amendment to the Facilities Services Division Strategic Execution Plan to approve \$15 million for an energy efficient lighting upgrade program related to the 2020 Memorandum of Understanding with the Los Angeles Department of Water and Power, as described in Board Report No. 108-20/21, a copy of which is attached hereto in the form it was presented to the BOC and is incorporated herein by reference.
2. This resolution shall be transmitted to the Los Angeles Unified School District Board of Education and posted on the Oversight Committee’s website.
3. The District is directed to track the above recommendation and to report on the adoption, rejection, or pending status of the recommendations as provided in section 6.2 of the Charter and Memorandum of Understanding between the Oversight Committee and the District.

**RESOLUTION 2020-25
AUTHORIZATION TO ENTER INTO A MEMORANDUM OF UNDERSTANDING
WITH THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND
AMEND THE FACILITIES SERVICES DIVISION STRATEGIC EXECUTION PLAN
TO APPROVE \$15 MILLION FOR AN ENERGY EFFICIENT LIGHTING UPGRADE
PROGRAM**

ADOPTED on November 19, 2020, by the following vote:

AYES: 11

ABSTENTIONS: 1

NAYS: 0

ABSENCES: 3

/Rachel Greene/

Rachel Greene
Chair

/Chris Hannan/

Chris Hannan
Secretary



Board of Education Report

File #: Rep-108-20/21, **Version:** 1

Authorization to Enter Into a Memorandum of Understanding with the Los Angeles Department of Water and Power and Amendment to the Facilities Services Division Strategic Execution Plan to Approve \$15 Million for an Energy Efficient Lighting Upgrade Program

December 8, 2020

Facilities Services Division

Action Proposed:

Staff proposes that the Board of Education (“Board”) take the following actions:

- (1) approve a new Memorandum of Understanding (“MOU”) between the Los Angeles Unified School District (“Los Angeles Unified”) and the Los Angeles Department of Water and Power (“LADWP”). Staff further proposes that the Board authorize the Chief Facilities Executive and/or his designee(s) to execute all instruments reasonably related to this MOU; and
- (2) amend the Facilities Services Division Strategic Execution Plan to approve \$15 million in Bond Program funds for energy efficient lighting upgrades as part of Los Angeles Unified’s in-kind contribution under the terms of the proposed MOU.

Background:

In 2012, Los Angeles Unified entered into an MOU with the LADWP under which the LADWP reimbursed the District for up to \$8 million in energy efficiency projects over a two-year term and six month extension. On February 10, 2015, the Board approved a proposal to enter into an MOU with LADWP to effectuate the “Conserving for Our Kids Program,” a multi-pronged strategy to raise energy and water efficiency at District’s facilities (Board Report No. 321-14/15). An MOU was subsequently executed between the LADWP and the District with a three-year term, and an Amendment No. 1 extended the term by two years, for a total term of five years from October 2015 through October 2020 (Board Report No. 290-18/19). A new MOU is now needed to continue these energy and water efficiency efforts. Under the terms of the new MOU, LADWP will invest in energy and water efficiency projects and programs, as well as new technology pilots that will help reduce rising utility costs.

The new MOU will continue the installation of energy and water efficiency measures at eligible Los Angeles Unified sites in the LADWP service area. LADWP and its qualified contractors and/or subcontractors will perform the work, and LADWP will reimburse Los Angeles Unified for labor costs associated with supporting the projects in addition to reimbursing a portion of the District’s associated administrative costs.

The term of proposed new MOU is five years; each calendar year within the term is a “term year.” The total value of the MOU is \$87.5 million between both agencies’ contributions over five years, of which LADWP will invest approximately \$72.5 million in District upgrades and programs (or \$14.5 million per term year) and Los Angeles Unified will contribute approximately \$15 million (or up to \$3 million per term year) in in-kind services and matching funds.

Under the MOU maximum funding amounts per year are allocated as follows:

1. Direct Install - \$12 million for energy efficiency measures of which Los Angeles Unified shall support each Direct Install project with matching funds or in-kind services for related activities that at non-Energy Conservation Measures (non-ECM) to not exceed a total of \$3 million per term year.
2. Education and awareness of energy efficiencies - up to \$500,000 per term year.
3. Pilot Activities - up to \$1 million per term year. (Identifies potential energy efficiency products and systems through research, analysis and testing of new technologies, e.g., heating and cooling systems.)
4. LADWP water conservation incentives - up to \$1 million per term year.

Los Angeles Unified's utility bill in FY 2019-20 was approximately \$130 million. It is anticipated that utilities consumed can continue to be decreased with the continued implementation of energy and water efficiency programs to meet the District's goal of 20% reduction over the 2014 baseline by 2024.

Expected Outcomes:

Staff anticipates that the Board will adopt the recommended actions listed above to permit the LADWP to continue to support existing and proposed energy efficiency upgrades, new technology pilots and conservation awareness initiatives through December 2025. On an annual basis, the Facilities Services Division will report on the progress of the energy efficient lighting upgrade program related to this 2020 MOU.

Board Options and Consequences:

Approval of staff's proposal will improve processes delineated by the MOU and enable the LADWP to provide existing and proposed energy and water efficiency upgrades, new technology pilots and conservation awareness initiatives through the term of the MOU.

If the recommendation actions are not approved, replacement lighting and plumbing fixtures will not be provided at schools with the identified need beyond the current contract expiration dates, and thus the District will not benefit from the cost savings that result in such upgrades in fixtures, technologies, and end-user behavior. Students will not receive the benefit of sustainability awareness initiatives currently funded by this MOU.

Policy Implications:

There is no policy impact. Staff's proposal supports the Board Resolution adopted on December 3, 2019 that inter alia, committed Los Angeles Unified to "achieving 100 percent clean, renewable energy in its electricity sector by 2030 and in all energy sectors by 2040 working in collaboration with the LADWP's Sustainable City Plan" (1st Recital to Resolution 018-19/20).

Budget Impact:

Per the MOU, LADWP agrees to fund a maximum of \$72.5 million, which includes the work to be executed as well as reimbursing the District for project administrative costs. The District agrees to provide up to \$3 million per term year for in-kind non-Energy Conservation Measures (ECM) efforts, including costs related to administration, management, inspections, and design staff responsible for obtaining necessary permits and approvals in order to undertake the work. The \$3 million per term year for five years, totaling \$15 million, will be funded with Bond Program funds earmarked specifically for critical school upgrades and safety improvements to school building components.

Student Impact:

Cost savings from the efficiency programs implemented by the MOU will result in reducing the utility cost impact to the General Fund and thus allow for more financial resources to be allocated to support educational programs. Students may acquire knowledge through the sustainability and conservation awareness initiatives made possible by the MOU. Active involvement in addressing environmental issues encourage students to become environmental stewards, and such experience can assist in career development preparations in green jobs and sustainability.

Issues and Analysis:

The 2020 MOU would improve processes and extend LADWP's implementation and funding of energy and water conservation projects, new technology pilots and awareness initiatives, as follows:

- In addition to its own qualified employees, LADWP will be permitted to utilize its participation agreement with the Southern California Public Power Authority (SCPPA) to provide qualified contractors and/or subcontractors to install agreed upon energy efficiency measures at Los Angeles Unified school sites. LADWP will bear sole responsibility for its contractors and subcontractors;
- Los Angeles Unified's Labor Compliance Department will enforce the payment of prevailing wages to all LADWP contractors and subcontractors, and LADWP, as the awarding body, will cooperate with the Labor Compliance Department pursuant to the terms and requirements outlined in the MOU;
- LADWP and/or its contractors or subcontractors will procure mutually agreed upon materials per approved scopes of work to perform the direct installation work;
- Los Angeles Unified may perform the direct installation work if LADWP does not meet agreed-upon milestones. If Los Angeles Unified performs the direct installation work, it will purchase materials and all District materials costs and labor costs will be reimbursed by LADWP.
- Los Angeles Unified's invoicing for reimbursement by LADWP will be bi-monthly (i.e., every other month); and
- Los Angeles Unified's labor costs related to the direct installation work will be reimbursed according to the most current District negotiated unburdened hourly rates for identified positions at the time the work is being performed.

Bond Oversight Committee Recommendations:

This item was considered by the School Construction Bond Citizens' Oversight Committee (BOC) at its meeting on November 19, 2020. Staff has concluded that the proposed amendment to the Facilities Services Division Strategic Execution Plan (FSD-SEP) to allocate \$15 million in Bond Program funds for an energy efficient lighting upgrade program related to the 2020 MOU will help facilitate implementation of the FSD-SEP, and therefore, will not adversely affect the District's ability to successfully complete the FSD-SEP.

Attachments:

Attachment A: BOC Resolution

Informatives:

None.

Submitted:

11/18/20

RESPECTFULLY SUBMITTED,

APPROVED BY:

AUSTIN BEUTNER
Superintendent

MEGAN K. REILLY
Deputy Superintendent
Business Services & Operations

REVIEWED BY:

APPROVED & PRESENTED BY:

DEVORA NAVERA REED
Interim General Counsel

MARK HOVATTER
Chief Facilities Executive
Facilities Services Division

___ Approved as to form.

REVIEWED BY:

TONY ATIENZA
Director, Budget Services and Financial Planning

___ Approved as to budget impact statement.