



# CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3<sup>rd</sup> Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

April 4, 2017

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Second Amendment of Power Purchase Agreement No. 29265 with Dissigno Holdings, LLC, for the solar photovoltaic system at the Long Beach Convention and Entertainment Center. (District 2)

## DISCUSSION

The City of Long Beach (City) is the owner in trust of the Long Beach Convention and Entertainment Center (Facility) and contracts with SMG to operate the Facility under Management Agreement No. 21667. Under its agreement with the City, SMG is required to provide heating and air conditioning to both the Facility and the Hyatt Regency Hotel through a common Heating, Ventilation and Air Conditioning (HVAC) system, which is energized by electricity from Southern California Edison (SCE).

On October 19, 2004, the City Council authorized the City Manager to execute and submit application forms to SCE, as administrator of the California Public Utilities Commission's Self-Generation Incentive Program, for approval (subsequently granted) of a rebate reservation for the installation of a Solar Photovoltaic (PV) system that converts sunlight into conventional electricity at the Facility. The City subsequently solicited proposals for the installation and operation of the PV System and selected DeLiddo and Associates, dba DEERS (DEERS), which entered into a Power Purchase Agreement (Agreement) dated of May 27, 2005, with the City for the installation of a 600 kW capacity PV system. In 2007, the Agreement was assigned by DEERS to MMA LB Power, LP.

In February 2008, a thermal event occurred related to the PV system. The small fire that resulted damaged several of the solar panels and caused the PV system to be shut down for investigation and repair. In March 2009, the PV system was reactivated, but shortly thereafter (June 2009), it was again shut down as a precautionary measure in response to a thermal event that occurred on a similar PV system, operated by the system owner at that time, at another California location. Additional repairs were made to the PV system and it was made operational by January 2011. In May of 2014, the PV system experienced yet another thermal event, and was subsequently shut down. Since then, the system has remained inoperable.

Dissigno Holdings, LLC (Dissigno), recently acquired rights to the PV system through a transfer and assignment of the PV system and related Power Purchase Agreement from MMA LB Power, LB. The City consented to this transfer on September 20, 2016.

Dissigno is well qualified and well regarded in the solar industry. They have experience with the PV system at the Facility, and similar related systems in Southern California. Dissigno has the technical knowledge and funding needed to upgrade the current system to provide a safe, efficient and operational PV system at the Facility.

The PV system is designed to reduce electrical consumption and associated costs at the Facility. Electricity rates under the Power Purchase Agreement are lower than those currently paid to SCE and savings are expected upon reactivation of the PV system. Additionally, the system is an integral part of sustainability efforts at the City-owned Facility.

To facilitate the needed upgrades and investment, the following significant amendments have been proposed to the Power Purchase Agreement:

- Term Extension: The current Agreement expires on May 28, 2025. It is proposed that the term be extended 10 years from the original term, expiring on May 28, 2035.
- System Expansion Option: The current approved System Description provides for a 600kW to 705kW PV system to be installed at the Facility. It is proposed that the System Description allow for potential expansion to facilitate up to 1.0 MW in total system capacity.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 13, 2017 and by Budget Analysis Officer Julissa José-Murray on March 9, 2017.

#### TIMING CONSIDERATIONS

City Council action is requested on April 4, 2017, to ensure Dissigno Holdings, LLC, can facilitate funding, design and planning efforts for the PV system at the Facility.

#### SUSTAINABILITY IMPACT

Reactivation of the PV system will reduce the carbon footprint of the Facility as energy usage will be partially provided with renewable energy.

#### FISCAL IMPACT

Reactivation of the PV system is anticipated to reduce the Facility utility expenditure by approximately \$35,000 in the first year with greater savings projected for future years. Through the term of the agreement, utility expenditure savings are projected to be greater than \$1 million, which will accrue to the Tidelands Fund (TF 401) in the Economic and Property Development Department (EP).

HONORABLE MAYOR AND CITY COUNCIL

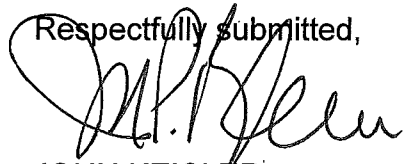
April 4, 2017

Page 3

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER  
DIRECTOR OF ECONOMIC  
AND PROPERTY DEVELOPMENT

JK:JMV

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER