



Legislation Details (With Text)

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Title: Actions Pertaining to a General On-Bill Financing Loan:
 1. Approve an agreement with Pacific Gas & Electric (PG&E) with the maximum amount of \$250,000, for a General On-Bill Financing Loan to replace certain high pressure sodium (HPS) street light fixtures with more energy efficient light-emitting diode (LED) fixtures throughout the City.
 2. ***RESOLUTION - 44th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$38,600 of Measure C flexible funding to begin the Citywide LED Retrofit of Street Lights - Phase I project (Requires 5 affirmative votes)

Sponsors: Public Works Department

Indexes:

Code sections:

Attachments: 1. 004824 CITY OF FRESNO OBF Loan Agreement.pdf, 2. 004824 CITY OF FRESNO OBF Financing Supplement.pdf, 3. 16 44th LED Retrofit SRM.pdf

Date	Ver.	Action By	Action	Result
6/9/2016	1	City Council		continued

REPORT TO THE CITY COUNCIL

June 9, 2016

FROM: SCOTT L. MOZIER, PE, Director
Public Works Department

BY: SCOTT KRAUTER, PE, Special Projects Engineer
Public Works Department, Administration Division

SUBJECT:

Actions Pertaining to a General On-Bill Financing Loan:
 1. Approve an agreement with Pacific Gas & Electric (PG&E) with the maximum amount of \$250,000, for a General On-Bill Financing Loan to replace certain high pressure sodium (HPS) street light fixtures with more energy efficient light-emitting diode (LED) fixtures throughout the City.
 2. ***RESOLUTION - 44th amendment to the Annual Appropriation Resolution (AAR) No. 2015-104 appropriating \$38,600 of Measure C flexible funding to begin the Citywide LED Retrofit of Street Lights - Phase I project (Requires 5 affirmative votes)

RECOMMENDATIONS

Staff recommends that the City Council approve a loan agreement with PG&E, with the maximum amount of \$250,000 to purchase and install new energy efficient LED Fixtures to replace existing high wattage, high pressure sodium fixtures. Staff also recommends City Council authorize the Public Works Director to sign the Agreement on behalf of the City; and, to sign amendments to the agreement as needed provided the loan amount of \$250,000 is not exceeded

Also, staff recommends that the City Council adopt the 44th Amendment to the Annual Appropriation Resolution No. 2015-104, to appropriate \$38,600 in Measure C Flexible funds to begin the capital project and to complete the retrofit. (Requires 5 affirmative votes)

EXECUTIVE SUMMARY

The California Public Utilities Commission (CPUC) has an On-Bill Financing program to provide a zero percent loan for up to \$250,000 for local agencies to replace existing street lights with more energy efficient fixtures. The loan, with PG&E as the electrical utility, is paid back by the City on the monthly utility bills from the energy savings achieved by the more energy efficient fixtures. To utilize this loan for the City of Fresno, the Public Works Department is seeking Council approval to appropriate \$38,600 in the FY 2016 budget to begin the work this fiscal year. The project is expected to require a total budget of \$330,600, with \$80,600 in Measure C funding in addition to the \$250,000 loan amount. Staff plans to recommend that an additional \$42,000 is allocated in the FY 2017 budget.

BACKGROUND

Staff is seeking Council approval on the attached AAR amendment which will appropriate funding to prepare the bid documents, conduct the public bidding, and award the contract. The project will retrofit about 750 street lights at major intersections across the City and on Blackstone Avenue from Nees to Shields. To maximize the loan benefits, the Public Works Department has structured the proposed project by appropriating the \$250,000 for the construction contract only, and utilizing an estimated \$80,600 in qualifying Measure C flexible funding for City administration of the project.

Also staff is seeking Council Approval of the General On-Bill Financing Loan with PG&E with the maximum amount of \$250,000 to secure construction funding. The program is structured such that after the fixtures are installed, the City's energy costs remain the same until the loan for replacement is paid off. The current agreement (see attachment) estimates that the loan will be paid off in eight years from completion of the retrofit project. The actual payback duration will be determined by PG&E after the project is complete and the actual energy savings for each new fixture is computed. Staff is requesting Council to approve the Public Works Director to sign the anticipated necessary amendments to the agreement as actual energy savings are determined. The actual agreement will not be signed and executed by PG&E, and loan proceeds will not be provided back to the City, until the project is complete and the installed fixtures are inspected by PG&E to ensure identified energy savings. The enclosed agreement has been reviewed by the City Attorney's Office and has been approved as to form.

The current project schedule targets bidding in the late summer of 2016, and award of the retrofit contract by Council during the next fiscal year (FY2017). It is expected that the retrofit project will be completed about three to four months after award. The project structure will be to utilize all of the \$250,000 to retrofit as many high wattage fixtures as possible, in order to maximize the long-term savings to the City. The current estimate indicates that about 750 locations will be retrofitted.

However, that amount could increase or decrease based on fixture costs, project requirements, and other factors that may not be known until the project is delivered.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 the actions by Council by this item do not qualify as a “project” as provided in the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference does not apply to the projects included in this report as this is an agreement and appropriation resolution item only.

FISCAL IMPACT

There is no new net impact to the General Fund. All proposed costs will be paid for from the new loan agreement through existing Measure C Flexible funding. See attached Resolution for specific funds and associated costs.

Attachments:

General On-Bill Financing Loan Agreement with PG&E

Financing Supplement to the On-Bill Financing Program

44th Amendment to the Annual Appropriation Resolution No. 2015-104