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Title:	STAFF REPORT for a City of San Leandro City Council Resolution to Authorize the City Manager to Submit an Application to the California Energy Commission that Requests Up to \$1.75 Million Dollars (at 1% Financing) for Future Implementation of Potential Energy Efficiency Projects				
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STAFF REPORT for a City of San Leandro City Council Resolution to Authorize the City Manager to Submit an Application to the California Energy Commission that Requests Up to \$1.75 Million Dollars (at 1% Financing) for Future Implementation of Potential Energy Efficiency Projects

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt a resolution that authorizes the City Manager to submit an application to the California Energy Commission (CEC) in an amount up to \$1.75 million dollars (at 1% financing) for future implementation of potential energy efficiency projects. The resolution is required for the CEC application, but does not obligate the City to accept any funds or implement any projects at this time.

BACKGROUND

In 2015 the City issued a Request for Proposals (RFP) for preparation of a citywide energy and water efficiency projects audit. Climatec, a subsidiary of the Bosch Group with local offices in Pleasanton, was chosen to prepare the audit, which produced a list of potential efficiency projects. Later that year, staff brought forward a formal agreement with Climatec for City Council consideration.

That proposal included LED streetlights conversions and installation of 'smart' streetlight nodes, HVAC upgrades in several City buildings, LED interior/exterior building lighting, building management systems (BMS, which control HVAC operations), and smart irrigation clocks in several parks. It also included construction of a 1 MW solar photovoltaic system at the Water Pollution Control Plant. However, the solar project was deferred at the time until the major plant rehabilitation project was completed.

As part of staff's consideration of efficiency projects to be implemented, it was determined that in

order to complete the projects with no up-front costs to the City (total project costs without the solar component totaled \$5,270,455), a municipal loan would be procured. The Finance Department issued an RFP and Council approved a lease agreement with Bank of America in the amount of \$5,409,045.

Prior to the start of the solar project, which was anticipated to produce approximately 45% of the Water Pollution Control Plant's (WPCP) energy needs, Climatec submitted an application to the CEC on the City's behalf for a grant. The City was one of only four entities to receive a grant, and received the highest award, totaling \$1,995,963. The City's required match to the grant totaled \$1,922,905 and is paid out of the WPCP's enterprise fund. Currently, installation of the solar panels and related electrical infrastructure is complete, and we are awaiting connection from PG&E to finalize that project and begin generating solar power.

Analysis

Potential new projects under consideration by the City include the following:

- Completion of conversion to high efficiency interior/exterior LED lighting in City buildings;
- New high efficiency chillers/HVAC units at four City buildings;
- New pump control system with variable frequency drive (VFD) at the San Leandro Family Aquatics Center (SLFAC); and
- 'Smart' street lighting controls (nodes) on the approximately 14% of street lights converted to LED in 2011/12 and air quality monitoring.

Staff notes that the street lights that were converted to LED in 2011/12 (with Energy Efficiency Community Block Grant funds received) do not have dimming capabilities and this would not change with installation of the 'smart' nodes. These older versions of LED street lights would have future dimming capabilities once the existing lights reached the end of their lifecycle and were changed out to the current LED light standard.

This project to install the nodes is proposed in order to complete the mesh network citywide. The City's Information Technology Division is currently considering options for developers to propose solutions utilizing the City's network. Because this project does not provide any energy savings, it would not be included in the CEC funding request. However, the IT Division is looking at other possible funding mechanisms that may be available.

The resolution is required for the CEC application, but does not obligate the City to implement any of the projects. Staff intends to bring detailed information on the proposed projects to the Council separately and will include a presentation on the status of the projects completed to date and the realized energy and water savings.

Previous Actions

- 16-033/16-034; Staff report and resolution to approve an Energy Service Contract, an Installation Agreement, and a Measurement & Verification Agreement with Climatec for proposed energy and water efficiency projects totaling \$5,270,455.

- 16-368/16-370; Staff report and resolution to approve a lease/funding agreement with Bank of America in the amount of \$5,500,000, for a duration of 15 years, for the citywide energy and water efficiency projects.
- 17-612/17-613; Staff report and resolution accepting a California Energy Commission reimbursable grant in the amount of \$1,995,963 plus a City match in the amount of \$1,922,905 (from the Water Pollution Control Plant's Enterprise Fund).

Fiscal Impacts

The action to apply for 1% financing from the CEC in an amount up to \$1.75 million is non-binding, with no obligation on the City's part to accept the loan (and no cost to apply). Staff will bring detailed information on potential future energy efficiency projects to Council for consideration separately, with the understanding that the projects would be implemented pending identification of funding sources for repayment of the CEC 1% loan. As noted previously, the proposed project to install 'smart' nodes on the first-generation LED street lights does not currently qualify for CEC funding and alternative sources are being pursued.

The CEC loans are non-competitive and processed on a first-come basis and in consideration of the proposed projects. As of late August, the CEC has indicated that funds remain for distribution, with the CEC's review process lasting approximately two-three months.

ATTACHMENTS

None.

PREPARED BY: Debbie Pollart, Director, Public Works Department