



AGENCY: City Council
MEETING DATE: May 26, 2020
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution Authorizing City Manager to Execute PG&E Loan Documents (Amount Not To Exceed \$112,921.46) Associated with the CV Starr LED Lighting Project

ISSUE:

Bids for the CV Starr LED Lighting Project ("Project") were opened September 11, 2019. Three bids were received. Two of the three bids were considered by staff to be responsive; including WESCO Services and Fort Bragg Electric. WESCO Services was awarded the bid for \$106,562.72 on October 24, 2020.

The October 24, 2019 staff report discussed the PG&E On-Bill Financing that would be used to finance the Project with no interest, but the Resolution awarding the bid to WESCO did not include language authorizing the City Manager to execute the PG&E loan documents.

ANALYSIS:

The CV Starr Community Center and Sigrid and Harry Spath Aquatic Facility opened to the public in 2009 and houses two pools, fitness and dance rooms, conference rooms and Mendocino Coast Recreation and Park District (MCRPD) business offices. The CV Starr Center is owned by the City of Fort Bragg and operated by the MCRPD in accordance with the Operating Agreement between the two entities.

The project includes the removal and replacement of various lighting components at the CV Starr Community Center for the completion of Energy Saving Recommendations. This work will be funded through On-Bill Financing provided by PG&E. This program provides the opportunity for public agencies to pay back a no-interest loan based on projected energy savings, via installments on their monthly PG&E bill. The payments of this loan will be a flat monthly rate, irrespective of seasonal energy use/savings variations. After the loan is repaid, any energy savings that result from the new energy efficiency equipment will translate into lower utility costs. To attempt to meet bill neutrality, actual savings from the project are used to calculate the loan by PG&E. Prior to calculation of the loan amount, energy efficiency rebates and incentives will be applied.

The estimated loan balance is \$112,921.46 but may be adjusted if the total cost of the project is more or less than this estimate. Based on this loan balance, the no-interest loan will be repaid in 4.23 years. The loan term is set at 52 months, which equals a monthly payment of \$2,171.57. The estimated average energy cost savings is \$2,222.90. The City has the option to apply for a six-month deferral of the first loan payment. This will be helpful as we continue to try and manage costs with the shortfall in revenue from the dedicated half-cent City sales tax.

RECOMMENDED ACTION:

Adopt the Resolution approving the PG&E On-Bill Loan Documents and authorize the City Manager to execute the necessary loan documents.

ALTERNATIVE ACTION(S):

Do not approve the On-Bill Financing Loan Agreement and any other necessary documents.

FISCAL IMPACT:

The monthly cost of the loan will be added to the CV Starr electric bill but should be offset by the energy savings.

GREENHOUSE GAS EMISSIONS IMPACT:

There will be reduction in GHG emissions. The amount is yet to be determined but in general replacing incandescent lights with LED lights can reduce energy use by up to 75%.

CONSISTENCY:

This project is consistent with the ongoing push to reduce power grid load and reduction of maintenance and operating costs wherever feasible.

IMPLEMENTATION/TIMEFRAMES:

Project is expected to be complete prior to the end of summer.

ATTACHMENTS:

1. Resolution
2. PG&E On-Bill Financing Loan Agreement

NOTIFICATION:

N/A