



AGENCY: City Council  
MEETING DATE: March 27, 2023  
DEPARTMENT: Public Works  
PRESENTED BY: Alfredo Huerta  
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## AGENDA ITEM SUMMARY

### **TITLE:**

**Receive Report, Conduct Public Hearing, and Consider Adoption of Resolution Authorizing City Manager to Execute PG&E Loan Documents Associated with the Facilities Lighting Improvement Project, City Project No. PWP-00125**

### **ISSUE:**

An efficiency survey of City-owned facilities was conducted by EcoGreen Solutions in September 2022 at no cost to the City. EcoGreen is an energy services company that specializes in energy efficiency upgrades, through utility company programs. After the survey of the facilities was completed, EcoGreen finalized a scope of work for each facility to receive PG&E approval and funding in the form of no-interest loans for the Facilities Lighting Improvement Project.

Renewable energy and energy efficiency projects may be sole-sourced or procured through either formal or informal procurement under Government Code §§4217.10-4217.18, if the City Council is able to make findings at a regular meeting, following a public hearing, that the cost of the proposed Project will be less than the anticipated cost of energy that would have been consumed by the City if the Project is not completed (i.e., the energy cost savings exceed the Project costs).

### **ANALYSIS:**

City staff members are continuously working on projects that increase energy efficiency and decrease cost over time in addition to the general maintenance of the facilities owned and operated by the City.

The Facilities Lighting Improvement Project (Project) includes the removal and replacement of various lighting components at the Fort Bragg City Hall (including City Hall East), Public Works Yard, Water Treatment Facility, Wastewater Treatment Facility, and Police Department for the completion of Energy Saving Recommendations. This work will be funded through On-Bill Financing (OBF) 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.

See Table 1 below for energy cost savings information for each facility. The total estimated loan balance is \$106,171 but may be adjusted if the total cost of the Project is more or less

than this estimate. The payback period for the no-interest loan varies based on the cost of each facility as shown below. The loan terms and conditions are set to provide simple payback from energy savings during the loan term. The overall monthly payment of \$1,149.30 will be offset by the estimated average monthly energy cost savings of \$1,161.37.

Facility	Project Cost	Payback Period Years(Months)	Estimated Monthly Payment	Estimated Monthly Energy Cost Savings	Net Monthly Savings
City Hall	\$29,584.46	8.43 (102)	\$290.04	\$292.58	\$2.54
Wastewater Treatment Plant	\$21,361.64	5.83 (70)	\$300.87	\$305.34	\$4.47
Public Works Yard and WTP	\$12,204.12	5.24 (63)	\$190.69	\$193.92	\$3.23
Police Department	\$43,020.78	9.67 (116)	\$367.70	\$369.53	\$1.83
			<b>\$1,149.30</b>	<b>\$1,161.37</b>	<b>\$12.07</b>

**TABLE 1:** Compiled Energy Cost Savings

**RECOMMENDED ACTION:**

Receive Report, conduct Public Hearing, and consider adopting the Resolution making the finding that the cost of the proposed project will be less than the anticipated cost of energy that would have been consumed by the City if the project is not completed; approve the PG&E On-Bill Loan documents and authorize the City Manager to execute the necessary documents.

**ALTERNATIVE ACTION(S):**

1. Request additional information.
2. Do not approve the On-Bill Financing Loan Agreement and decide not to proceed with the project.
3. Provide alternative direction to staff.

**FISCAL IMPACT:**

The monthly cost of the loan will be added to the facilities electric bill but should be offset by the energy savings. The payoff period is between 5-10 years. See Table 1 above for full financial analysis.

**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% which results in reduced GHG's.

**CONSISTENCY:**

This project is consistent with the ongoing push to reduce power grid load and reduction of maintenance and operating costs wherever feasible. This project is also consistent with California Government Code Section 4217.10-4217.18, being that this is an energy

conservation project in which the cost of the proposed project will be less than the anticipated cost of energy that would have been consumed by the City if the project is not completed.

**IMPLEMENTATION/TIMEFRAMES:**

This project will proceed into the contracting phase with EcoGreen as a sole source contract after approval of the resolution.

**ATTACHMENTS:**

1. Resolution
2. PG&E On-Bill Financing Loan Documents
3. Pre-Install Documents
4. Proof of Public Hearing Publication

**NOTIFICATION:**

N/A