



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JANUARY 13, 2025**

**SUBJECT: APPROVAL OF THE TREE POWER PROGRAM FOR FISCAL YEAR 2024/25 WITH PARKVIEW NURSERY, 4377 CHICAGO AVENUE; PARKVIEW NURSERY, 3841 JACKSON STREET; AND LOUIE'S NURSERY, 18550 VAN BUREN BOULEVARD IN A COLLECTIVE AMOUNT OF \$462,968 AND APPROVAL OF PROFESSIONAL CONSULTANT SERVICES AGREEMENT FROM REQUEST FOR PROPOSAL NO. 2325 TO PROVIDE SOFTWARE TO ADMINISTER THE TREE POWER PROGRAM WITH ARBOR DAY FOUNDATION, FOR A THREE-YEAR PERIOD AND TWO OPTIONAL ONE-YEAR EXTENSIONS IN THE AMOUNT OF \$175,000 PER YEAR FOR A TOTAL CONTRACT AMOUNT OF \$525,000 AND A 10% CONTRACT CONTINGENCY OF \$52,500 FOR A NOT TO EXCEED AMOUNT OF \$577,500**

**ISSUES:**

Consider approving the Tree Power Program for Fiscal Year 2024/25 with Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie's Nursery, 18550 Van Buren Boulevard in a collective amount of \$462,968 and approval of Professional Consultant Services Agreement from Request for Proposal No. 2325 to provide software to administer the Tree Power Program with Arbor Day Foundation, for a three-year period and two optional one-year extensions in the amount of \$175,000 per year for a total contract amount of \$525,000 and a 10% contract contingency of \$52,500 for a not to exceed amount of \$577,500.

**RECOMMENDATIONS:**

That the Board of Public Utilities recommend that the City Council:

1. Approve the Fiscal Year 2024/25 Tree Power Program Free Shade Tree Coupon Campaign in the amount of \$462,968;
2. Authorize the City Manager, or designee, to issue purchase orders and change orders to Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie's Nursery, 18550 Van Buren Boulevard based on the variable product demand of each nursery for the Tree Power Program's Free Shade Tree Coupon campaign in a collective amount of \$462,968;
3. Approve the Professional Consultant Services Agreement from Request for Proposal No. 2325 for software to administer the Tree Power Program to Arbor Day Foundation for \$525,000 with a 10% contingency of \$52,500 for a total not to exceed amount of \$577,500; and

4. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreements, execute the optional extensions at \$175,000 annually, and including making minor and non-substantive changes to the agreements.

## **BACKGROUND:**

The Riverside Public Utilities (RPU) Department is required by state law to establish energy efficiency goals and administer energy efficiency programs funded through the state-mandated Public Benefits Charge (California Public Utilities Code § 385 and 386, et. seq. 1996). One of the most successful programs offered by RPU is the Tree Power Program provides rebate incentives to RPU's electric customers who plant shade trees in locations adjacent to their homes or businesses to help conserve energy and save on summer cooling costs.

While most trees are eligible for the program, due to the vulnerability of the City's citrus stock to Asian Citrus Psyllid and Huanglongbing (HLB), an agreement was made by RPU and the participating nurseries to remove all citrus trees from program participation.

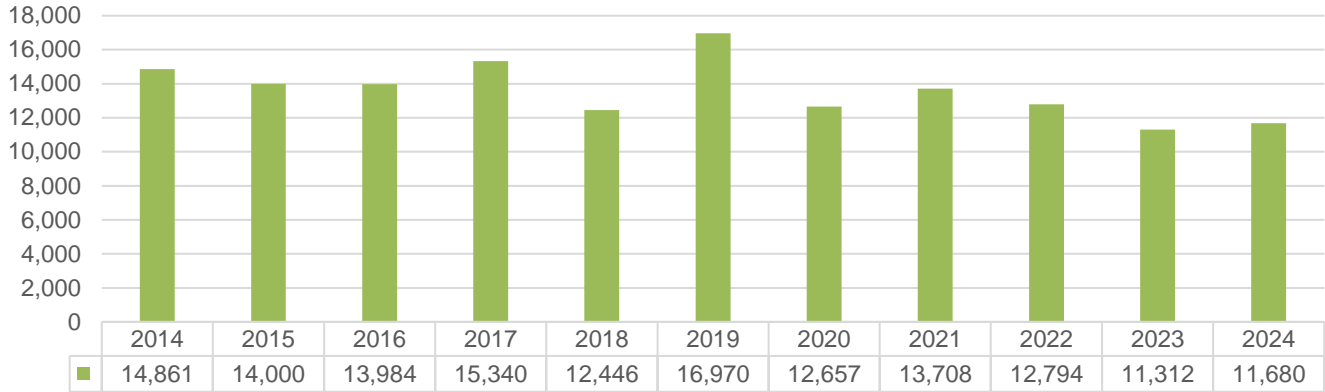
RPU customers can receive a maximum of six free or rebated trees annually. A dual marketing approach is used for both elements of the program – the Tree Power Rebate Program and the Tree Power Free Shade Tree Coupon Campaign.

The Tree Power Rebate Program allows RPU customers to participate by purchasing up to five qualified trees per year. Each qualified tree purchased is eligible to receive up to a \$40 rebate, which is credited to the customer's RPU electric account. Customers must apply for the rebate after they have purchased the trees. Trees must be planted within 10-35 feet of the foundation on the customer's own property to achieve maximum energy efficiency, without negatively impacting any dwelling, business, underground pipes, utility lines or solar power access.

The Tree Power Free Shade Tree Coupon Campaign was launched by RPU in 2001 and runs annually from March 1 to June 30. Each year, a coupon is printed on the back of the March utility bill and customers redeem the coupon at a participating nursery for one free shade tree, valued at up to \$40, or an instant rebate of \$40 off a single, higher cost tree. The back of the bill strategy was created to ensure that a free tree coupon would reach all RPU electric customers as well as raise awareness for the regular ongoing Tree Power Rebate Program.

Since 2001, both participation and popularity of this program have grown. The original issuance of the coupon in 2001 resulted in 3,700 planted trees; last year's coupon yielded 10,398 trees. To date, 236,747 have been planted by RPU customers as a result of the Free Shade Tree Coupon Campaign. Additionally, 46,988 trees have been planted by customers who elected to participate in the rebate program. In total, the Tree Power Program is responsible for 283,735 planted trees in the City of Riverside. The energy saved from the planted trees is enough to power nearly 6,500 average single-family homes for a year. The chart below shows the total of both free trees and rebated trees by year, since 2014.

### Number of Trees Distributed



### **DISCUSSION:**

#### *Tree Power Coupon*

RPU works with all qualified nursery vendors located throughout the City that accept the free tree coupons. To be considered as a participating vendor, a nursery must have a location that permits retail sales. The current list of qualified vendors that have agreed to work with RPU on the Program include: Parkview Nursery, 4377 Chicago Avenue; Parkview Nursery, 3841 Jackson Street; and Louie’s Nursery, 18550 Van Buren Boulevard.

Due to a significant variance in coupon redemption at the three participating nurseries, the purchase orders issued to this year’s participating nurseries will vary in amount based on an average of the number of coupons redeemed at each location during the 2023 and 2024 Tree Coupon Program and include a 10% buffer to account for any potential increase in participation.

Nursery	Avg. 2023 and 2024	PO Amount
Louie's	2,097	\$92,268
Parkview Chicago	3,252	\$143,066
Parkview Jackson	5,174	\$227,634
	10,523	\$462,968

Participating nurseries will be paid on the basis of actual coupons redeemed at a rate of up to \$40 per tree. The nurseries are responsible for any other costs associated with coupon redemption and program administration.

Purchasing Resolution 24101, Section 702 (w) states, “Competitive Procurement through the Informal and Formal Procurement process shall not be required.... (w) When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process.”

At present, the Tree Power Program is an administrative and labor-intensive program to manage. Each year, RPU staff create the back of bill coupon and postcard artwork, manage the printing process, facilitate postage and oversee the mail merge. After launching the annual campaign, staff are then tasked with collecting, counting and verifying approximately 12,000 tree coupons per year to make sure that they are valid and can be processed. This is a time-consuming process and while RPU captures the efficiency savings and customers benefit from their trees, this administrative process lacks efficiency.

In 2020, staff began researching improvements that could be made to the program, to determine whether the current process could be streamlined. Research revealed that there was the potential to administer the program online and as an additional enhancement, customers could use online tools to determine the optimal position on their property to plant their tree for maximum shade benefit.

#### *Benefits of Hosting the Program Online*

Arbor Day Foundation's software platform will allow RPU to move away from the paper intensive method that is currently in place. The online system provides customers with the ability to log on to a website to access their tree coupon(s). Once a customer has been validated by their account number, the system will generate an overhead view of their home and be offered a selection of RPU-approved, geographically suitable trees to choose. Once a tree is selected, the customer will be able to move the image of that tree around their property, and the system will show them the best placement of their tree to maximize energy savings and shade opportunity. The online portal will then generate an electronic coupon that will not need to be printed since the nurseries will redeem the coupon via the database of created coupons. The redemption of the coupon electronically will also ensure that customers will only receive one free tree. If customers are unable to access the online portal at home, RPU will provide each participating nursery with a laptop so that they can still participate in the program.

This new approach removes the current paper coupon process and will significantly reduce the need for staff to administer, track and store coupons. It will provide an electronic tracker of data and enable RPU to capture associated energy savings without the need for a manual process.

#### *Energy Savings Improvement*

Currently RPU is only able to capture the energy savings from a tree when it is distributed. That energy savings is conservatively estimated at 163 kWh per tree annually, which only accounts for 70% of the full energy savings potential. This approach is taken as RPU is aware that not all program participants know the best place to plant their tree nor will every customer plant their tree. Arbor Day software will help customers to find optimal planting locations and will ensure that RPU can capture energy savings with more accuracy. Over the 20-year anticipated life of a tree, energy savings is estimated to be 2,651 kWh which accounts for variation due to the age of the tree and other factors that affect energy savings from year to year. Since the Arbor Day platform is built on the US Forest Service database, i-Tree, RPU would be able to determine growth rate and mortality rate of the trees being planted as part of the Tree Power Program. This new data will allow RPU to then claim the additional lifetime energy saving from trees as they grow and provide more shade. Something that has not been possible in the past. This new practice will contribute to RPU being able to claim higher energy efficiency savings due to trees.

#### *Tree Power Program Management Software*

To better manage the Tree Power Program and to more accurately capture the benefits of the program, staff researched a software platform to manage the program. Initially, staff evaluated software that is being developed for the City's Public Works Department (PW). In 2023, PW

received an USDA's Forest Service Urban and Community Forestry Inflation Reduction Act Grant to create a database to inventory existing tree stock in the City. Unfortunately, this database does not provide the functionality that is required to administer the Tree Power Program. The goal of the PW's system is to inventory existing trees, while the goal of the RPU software is to help customers site and obtain their tree, and RPU to measure the number of new trees and capture kWh and carbon savings for reporting and monitoring purposes.

Request for Proposal (RFP) No. 2325 was posted on Planet Bids, the City's online bid system, on November 9, 2023, seeking consultants who offer software to manage the RPU Tree Power Program. The RFP sought the following:

- Customer support phone number to provide customer assistance
- Electronic communication with program participants
- Annual satisfaction survey
- Access to the software tool in multiple languages
- Energy savings reporting to RPU
- Have the ability to issue coupons in various formats

The notification is summarized in the table below:

Action	Number of Vendors
External Vendors Notified	500
City of Riverside Vendors Notified	237
Vendors who downloaded the RFP	21
Proposals received	1

The RFP closed on December 1, 2023, with one response. The Arbor Day Foundation was found to be responsive and responsible.

Purchasing sent out a questionnaire to receive feedback from the Prospective Bidders on why the RFP was downloaded but failed to provide a proposal submission. The responses received included that the scope was outside of their expertise, and another stated they lacked experience as per the minimum requirements of the RFP.

Purchasing Resolution 24101 Section 508 (c) Awards states, "Contracts procured through Formal Procurement shall be awarded by the Awarding Entity to the Lowest Responsive and Responsible Bidder, except that.... (c) Contracts procured through Formal Procurement for Services or Professional Services, where a Request for Proposals or Request for Qualifications was used to solicit Bids, shall be awarded by the Awarding Entity in accordance with the evaluation criteria set forth in the Request for Proposals or Request for Qualifications."

The Purchasing Manager concurs that the recommended actions are in accordance with Purchasing Resolution 24101.

**STRATEGIC PLAN ALIGNMENT:**

The Tree Power Program aligns with Strategic Priority 4, Environmental Stewardship. Program deliverables will assist the City in providing proactive and equitable climate solutions based in science to ensure clean air and a vibrant natural world. To do so, the Tree Power Program will contribute to

**Goal 4.3** by implementing local and support regional proactive policies and inclusive decision-making processes to deliver environmental justice and ensure that all residents breath healthy and clean air with the goal of having zero days of unhealthy air quality per the South Coast Air Quality District’s Air Quality Index (AQI).

**Goal 4.6** by implementing the requisite measures to achieve citywide carbon neutrality no later than 2040.

This item aligns with EACH of the five Cross Cutting Threads as follows:

1. **Community Trust** – Sustaining this program benefits the City’s population by increasing the number of trees, and this helps to reduce electric consumption, improve carbon sequestration and support community beautification.
2. **Equity** – The Tree Power Program is available to all RPU electric customers in the service territory. By planting the trees available from this program, not only do the program participants enjoy benefit, the whole community benefits from improvements to the City’s natural environment.
3. **Fiscal Responsibility** – The low cost of the program, coupled with the achieved energy savings proves that it is a fiscally prudent way of meeting energy efficiency goals reasonably.
4. **Innovation** – Although RPU has been offering the Tree Power Program for 20 years, RPU Staff are contacted on a regular basis by other municipalities for advice on establishing their own tree program. RPU is investigating ways of utilizing new technology to support the program in the future.
5. **Sustainability & Resiliency** – The Tree Power Program encourages a reduction in energy required for cooling during the summer. The program also promotes carbon sequestration and a reduction in the heat island effect, which supports sustainability and resiliency efforts.

**FISCAL IMPACT:**

The total fiscal impact for the Free Tree Coupons and Rebates is \$462,968. The total fiscal impact for the tree management software is \$175,000 per year for a term of three years, plus a 10% contract contingency of \$52,500, for a total of \$577,500. Upon approval, a budget adjustment will be recorded in the Electric Public Benefit Fund, Unprogrammed Funds Account No. 6020100-453001 to the Residential Tree Power Program Account No. 6020100-456038.

Prepared by:	Tracy Sato, Utilities Assistant General Manager/ Strategic Initiatives
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Jack Liu, Interim City Attorney

Attachments:

1. RFP Award Recommendation
2. Professional Consultant Services Agreement
3. Presentation