



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: NOVEMBER 28, 2022

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENTS FOR CONSULTANT ADMINISTERED DIRECT INSTALLATION SERVICES FOR ENERGY EFFICIENCY PROGRAMS - RFP 2137 FOR OUTDOOR LIGHTING WITH RICHARD HEATH AND ASSOCIATES OF FRESNO, CALIFORNIA IN THE AMOUNT OF \$1,250,000, RFP 2138 FOR REFRIGERATED LOAD WITH STAPLES & ASSOCIATES, INC. OF BAKERSFIELD, CALIFORNIA IN THE AMOUNT OF \$250,000, AND RFP 2139 FOR SMALL BUSINESSES WITH RICHARD HEATH AND ASSOCIATES OF FRESNO, CALIFORNIA IN THE AMOUNT OF \$1,250,000, FOR THREE-YEAR TERMS WITH TWO OPTIONAL ONE-YEAR EXTENSIONS, IN THE TOTAL AMOUNT OF \$2,750,000

ISSUE:

Consider approving Professional Consultant Services Agreements for Consultant Administered Direct Installation Services for Energy Efficiency Programs for Outdoor Lighting, Refrigerated Load, and for Small Businesses, for three-year terms with two optional one-year extensions, in the total amount of \$2,750,000.

RECOMMENDATIONS:

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

1. Approve a Professional Consultant Services Agreement from Request for Proposal No. 2137 for a Consultant Administered Direct Installation Services for Outdoor Lighting Program with Richard Heath and Associates, Inc., of Fresno, California, for a three-year term with two optional one-year extensions, in the amount of \$1,250,000;
2. Approve a Professional Consultant Services Agreement from Request for Proposal No. 2138 for a Consultant Administered Refrigerated Load Program with Staples & Associates, Inc., of Bakersfield, California, for a three-year term with two optional one-year extensions, in the amount of \$250,000;
3. Approve a Professional Consultant Services Agreement from Request for Proposal No. 2139 for a Consultant Administered Direct Installation Services for Small Business Program with Richard Heath and Associates, Inc., of Fresno, California, for a three-year term with two optional one-year extensions, in the amount of \$1,250,000; and
4. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreements, including making minor and non-substantive changes to the agreements.

LEGISLATIVE HISTORY:

Assembly Bill (AB) 1890 (Brulte, 1996), requires that 2.85% of electric revenue be utilized to fund public benefits programming and must be used in at least one of four areas: demand side management (energy efficiency), renewable energy, low-income assistance, or research, development, and demonstration.

Senate Bill (SB) 1037 (Kehoe, 2005), a comprehensive package that sets ambitious energy conservation policies and goals. SB 1037 requires publicly owned utilities (POU's) when procuring energy to serve their customer load, to "first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible" and to report kilowatt hour (kWh) savings to the California Energy Commission annually.

AB 2021 (Levine, 2006), requires POU's to identify, target and achieve all potentially cost-efficient electric savings within a 10-year target. Riverside Public Utilities (RPU) has set a stretching, but achievable, 10-year energy efficiency goal of 1% of annual retail energy sales.

SB 350 (De Leon, 2015), establishes annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas by January 1, 2030. The bill requires local POU's to establish annual targets for energy efficiency savings and demand reduction consistent with this goal.

BACKGROUND:

In the early 2000's, RPU began offering energy efficiency programs to customers. Due to the requirements set forth in SB 1037, energy efficiency has become the lowest cost energy resource that can be procured within the RPU service territory. RPU has focused energy efficiency outreach efforts on commercial customers as they represent approximately 12% of the customer base and account for approximately 65% of the entire City's load. To proactively target unique customer segments that are harder to reach through traditional incentive models, RPU created direct installation programs for small- to medium-size businesses as well as low-income customers and those with refrigerated load. Direct installation programs utilize the services of various outside vendors in an effort to better serve the needs of the individual rate payers.

RPU's customer base plays a major role in determining program offerings. RPU commercial customers represent only 12% of the total customer base, however, the combined energy load of all commercial customers represents a large proportion of the total utility consumption. As a result, RPU has dedicated significant program resources to assist the commercial customer segment in achieving energy efficiency goals.

Historically, RPU received more than half of the annual kWh savings from commercial lighting and Direct Installation Programs. Examples of these savings include high efficiency lighting rebates, outdoor lighting High Intensity Discharge (HID) fixture upgrades, Small Business Direct Installation and Refrigerated Load Programs. These have proven to be important components of the overall program portfolio providing both customer satisfaction and kWh savings.

RPU offered similar programs in past years that were managed and administered through a Southern California Public Power Authority (SCPPA) contract. In 2019, City and utility management decided to transition future RPU programs to a direct City procured contract. Because of pandemic restrictions, RPU delayed implementation of direct install programs

because it required direct personnel presence onsite. Staff recommends to restart offering these important programs to support meeting the utility’s energy efficiency goals.

DISCUSSION:

The Consultant Administered Direct Installation programs follow a similar process to reach appropriate customers for best suited programs. Qualified customers who express interest in a program will receive a site evaluation by a program evaluator. The program evaluator inspects existing equipment at the customer location, reviews for energy upgrade opportunities, and records the findings for a scope of work to be presented to the customer. The scope of work details all recommended energy efficient measures, the energy and monetary savings estimates, the incentives available, and the customer co-pay, if any. The program evaluator will submit the signed proposal and documentation to program administrator. Evaluators will then follow up with customers to answer additional questions and discuss final decisions.

Once a customer signs the required participation paperwork, the program administrator is responsible for coordinating successful project delivery. This includes purchasing required material for the project and as well as reserving funds in RPU’s budget to avoid oversubscription of the program’s budget. An installation appointment is scheduled with the customer, and upon completion of the installations, the installer provides the customer with an explanation of all work that was performed.

In October 2021, three RFPs were posted through the City’s Planet Bids system, seeking vendors that could offer similar programs through RPU, so that the direct install programs could continue to be offered to customers. All three RFPs received responses, and each have been comprehensively and consistently evaluated by staff based on the following criteria:

- a. Qualifications (35%)
- b. Pricing (15%) - The Pricing Rank in the tables below were determined based on which vendor had the overall lowest cost per unit pricing for the installation categories.
- c. Experience (Projects of similar size and scope) (25%)
- d. Professional References (15%)
- e. Scope of proposed work including the utilization of new technology not currently being offered by RPU (10%)

RFP 2137 - Consultant Administered Direct Installation Services for Outdoor Lighting Program

Customer Type: Medium and large businesses with outdoor lighting. Some Flat and any Demand or Time of Use (TOU)

Program	Service	Program Budget	Anticipated Lifetime kWh Savings	Expected Lifetime Resource Cost
Outdoor Lighting	Convert Outdoor Lighting to Energy Efficient LED	\$1,250,000	25,000,000	\$0.05/kWh Saved

RFP No. 2137 was posted on the City’s Online Bid System on October 25, 2021, and closed November 16, 2021. The initial term of the agreement is for three years with the option to extend for two additional one-year terms. The annual not-to-exceed amount for the Consultant Administered Outdoor Lighting Direct Installation Program is \$1.25 million.

Two vendors submitted proposals to administer the Outdoor Lighting Direct Installation Program. Staff evaluated the proposals and deemed Richard Heath and Associates (RHA), Los Angeles, California to be the most qualified responsive and responsible bidder.

Program	Proposer	Committee’s Avg Rank	Pricing Rank	Overall Rank
Outdoor Lighting	RHA	820	135	955
Outdoor Lighting	Staples	686.25	150	836.25

RFP 2138 - Consultant Administered Refrigerated Load Program

Customer Type: Customers with significant refrigerated food and beverages storage such as mini-marts, delis, convenience stores and restaurants.

Program	Service	Program Budget	Anticipated Lifetime kWh Savings	Expected Lifetime Resource Cost
Refrigerated Load	Convert Energy Intensive Motors and Lighting for Customers with Walk-In Coolers	\$250,000	5,000,000	\$0.04/kWh Saved

RFP No. 2138 was posted on the City’s Online Bid System on October 26, 2021, and closed November 17, 2021. The initial term of the agreement is for three years with the option to extend for two additional one-year terms. The annual not-to-exceed amount for the Consultant Administered Outdoor Lighting Direct Installation Program is \$250,000.

Program	Proposer	Committee’s Avg Rank	Pricing Rank	Overall Rank
Refrigerated Load	Staples	707.5	150	857.5

RFP 2139 - Consultant Administered Small Business Direct Installation Program

Customer Type: small and medium-sized businesses

Program	Service	Program Budget	Anticipated Lifetime kWh Savings	Expected Lifetime Resource Cost
Small Business	Provide Energy Assessments and Upgrades to Energy Intensive Equipment	\$1,250,000	20,833,333	\$0.06/kWh Saved

RFP No. 2139 was posted on the City’s Online Bid System on October 25, 2021, and closed November 16, 2021. The initial term of the agreement is established for three years with the option to extend for two additional one-year terms. The annual not-to-exceed amount for the Consultant Administered Outdoor Lighting Direct Installation Program is \$1.25 million.

Two vendors submitted proposals to administer the Outdoor Lighting Direct Installation Program. Staff evaluated the proposals and deemed Richard Heath and Associates (RHA) to be the most qualified responsive and responsible bidder.

Program	Proposer	Committee’s Avg Rank	Pricing Rank	Overall Rank
Small Business	RHA	962.5	150	1112.5
Small Business	Staples	771.25	85	856.25

All three RFPs included in this report were issued through the City’s bidding system and were evaluated in a manner consistent with the Purchasing Department’s guidelines. The pricing contained within the responses were found to be consistent with the pricing of the programs provided as previously managed through prior SCPA contracts.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 4 - Environmental Stewardship**. Program deliverables will focus on helping customers maximize energy efficiency practices and support the Priority goals of championing proactive and equitable climate solutions based in science to ensure clean air, safe water, a vibrant natural world and a resilient green new economy for current and future generations.

The agreements align with each of the Cross-Cutting Threads as described below:

1. **Community Trust** – The RFPs issued to administer the consultant administered energy efficiency programs were released to the public in an effort to gain the subject matter expertise from vendors who specializes in such projects as well as gain the great value for the least financial impact to RPU. These projects are intended to benefit customers and improve the community environment by encouraging energy efficiency.
2. **Equity** – The programs contained in this report offer direct benefit to the participating customers however, by helping RPU business customers minimize their utility costs RPU ensures a healthy business environment for all rate payers to enjoy.
3. **Fiscal Responsibility** – The competitive cost of the programs will be managed with fiscally responsible practices. The remit of these programs allows them to qualify for public benefits funding per Assembly Bill (AB) 1890 (as described above).
4. **Innovation** – The consultant administered energy efficiency programs will offer RPU’s commercial electric customers the latest energy efficiency measures as well as provide a roadmap for them to follow to improve their energy efficiency, and to reduce their operation expenditure.
5. **Sustainability & Resiliency** – The consultant administered energy efficiency programs provide RPU energy customers an opportunity to improve their energy efficiency as well as demonstrates industry best practices, resulting in better sustainability and resiliency practices.

FISCAL IMPACT:

The total fiscal impact is \$2,750,000. Following the Fiscal Year 2021/22 carry forwards, anticipated in December 2022, sufficient funds are available in the Public Benefit Account No: 6020100-456006 (\$1,250,000), 6020100-456106 (\$250,000), and 6020100 456080 (\$1,250,000). Energy efficiency programs are budgeted and funded through the Public Benefits Charge currently set at 2.85% of customer electric charges.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Business and Customer Services

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Attachments:

1. Professional Consultant Services Agreement for a Consultant Administered Direct Installation Services for Outdoor Lighting Program with Richard Heath and Associates
2. Professional Consultant Services Agreement for a Consultant Administered Refrigerated Load Program with Staples & Associates, Inc
3. Professional Consultant Services Agreement for a Consultant Administered Direct Installation Services for Small Business Program with Richard Heath and Associates, Inc
4. Presentation