



City of Arts & Innovation

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: NOVEMBER 19, 2024**

**FROM: PUBLIC UTILITIES      WARDS: ALL**

**SUBJECT: AMEND PROFESSIONAL CONSULTANT SERVICES AGREEMENT TO ADD ADDITIONAL FUNDING FOR THE VENDOR ADMINISTERED ENERGY EFFICIENCY PROGRAM FOR THE OUTDOOR LIGHTING DIRECT INSTALLATION PROGRAM WITH RICHARD HEATH AND ASSOCIATES OF FRESNO, CALIFORNIA IN AN ADDITIONAL AMOUNT OF \$1,250,000, TOTAL CONTRACT AMOUNT OF \$2,500,000 WITH 10% CHANGE ORDER AUTHORITY FOR A TOTAL CONTRACT NOT TO EXCEED \$2,625,000**

**ISSUE:**

Approve the amended Professional Consultant Services Agreements, to increase program funding, for vendor administered energy efficiency Outdoor Lighting Direct Installation Program with Richard Heath and Associates of Fresno, California, to add \$1,250,000, for a total three-year contract amount of \$2,500,000 with a 10% change order authorization for a total contract not to exceed \$2,625,000.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the amended Professional Consultant Services Agreement with Richard Heath and Associates of Fresno, California, to add \$1,250,000, for the Outdoor Lighting Direct Installation Program for contract amount of \$2,500,000;
2. Authorize a 10% change order authority in the amount of \$125,000 for the Professional Consultant Services Agreement with Richard Heath and Associates of Fresno, California for a total contract not to exceed amount of \$2,625,000; and
3. Authorize the City Manager, or designee, to execute the amended Professional Consultant Services Agreements, including making minor and non-substantive changes to the agreements.

**BOARD RECOMMENDATION:**

On October 28, 2024, the Board of Public Utilities, with seven members present and members Montgomery and Polichetti absent, voted unanimously to recommend that the City Council

approve the amended Professional Consultant Services Agreement with Richard Heath and Associates of Fresno, California, to add \$1,250,000, for the Outdoor Lighting Direct Installation Program for contract amount of \$2,500,000; authorize a 10% change order authority in the amount of \$125,000 for the Professional Consultant Services Agreement with Richard Heath and Associates of Fresno, California for a total contract not to exceed amount of \$2,625,000; and authorize the City Manager, or designee, to execute the amended Professional Consultant Services Agreements, including making minor and non-substantive changes to the agreements.

**LEGISLATIVE HISTORY:**

Assembly Bill (AB) 1890, adopted in 1996, requires publicly owned utilities to collect and spend Public Benefits Charge funds for low-income assistance, energy efficiency and conservation programs, renewable energy, as well as research, development, and demonstration projects.

Assembly Bill (AB) 2021 requires publicly owned utilities (POUs) to identify, target and achieve all potentially cost-effective electric savings and establish 10-year energy efficiency targets.

**BACKGROUND:**

Since the early 2000’s, Riverside Public Utilities (RPU) has offered a range of energy efficiency programs and rebates to all its customers. RPU has created a range of energy efficiency programs that can be tailored to the different needs of commercial customers. Commercial customers represent approximately 12% of the customer base, but account for approximately 65% of the entire City’s load.

The Outdoor Lighting Direct Installation program was originally posted through the City’s Planet Bids system in October 2021. The program was established to provide outdoor lighting measures to fit the diverse array of businesses that RPU serves. Direct Installation programs utilize the services of outside vendors to satisfy the needs of rate payers efficiently and economically. On January 10, 2023, the City Council approved a professional consultant services agreement from RFP 2137 with Richard Heath and Associations to provide a consultant administered direct installation service for the Outdoor Lighting Program for a term of three years with two optional one-year extensions.

**DISCUSSION:**

The Outdoor Lighting Program provides medium and large businesses with outdoor lighting energy audits and direct installation of energy efficient lighting measures. This program is offered to some Flat and any Demand or Time of Use (TOU) rate customer within the RPU service territory. Customers participating in the program receive a site audit from a program auditor who inspects existing equipment, reviewing this for energy upgrade opportunities; audit findings are used to prepare a scope of work for the customer, which they may elect to pursue.

Program	Businesses Assisted	Lifetime kWh Savings	Program Costs	Available budget	% Funds Spent
Outdoor Lighting	119	14,626,015	\$939,191	\$310,809	75%

The initial program budget was established at \$1.25M and at the outset, it was considered that would be sufficient through the contract term. This program has exceeded projected participation rates and funds will be exhausted well in advance of the contract expiration. Projects that the program supports can take some time to complete are typically sizeable, utilizing proportional amount of funding, which has meant that funds have been exhausted more quickly than originally anticipated.

This program offers significant kWh savings to the customer and provides a substantial amount of the annual energy savings that the utility has committed to as part of Assembly Bill AB 2021. In addition to helping with efficiencies, the program also supports RPU's customers in making savings that can help to reduce business overhead or operating costs

### *Program Benefits*

All of the direct installation energy efficiency programs offered by RPU are aimed at maximizing energy efficiency. In addition to helping with efficiencies, these programs also support RPU's customers in making savings that can help to reduce business overhead or operating costs. On average, Outdoor Lighting participants are expected to save approximately 12,290 kWh or about \$1,526 per year, which can amount to significant savings for these ratepayers. Additionally, the combined kWh savings from these programs deliver approximately 30% of the annual energy efficiency savings that the Utility has committed to making under Assembly Bill AB 2021 (Levine, 2006). AB 2021 requires publicly owned utilities (POUs) to identify, target and achieve all potentially cost-effective electric savings and establish 10-year energy efficiency targets.

Purchasing Resolution 24101, Section 1104 states, "Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval.... (a) 10% of the original contract price for Contracts and/or Purchase Orders for Goods, Services and Professional Services up to \$100,000."

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 24101.

### **STRATEGIC PLAN ALIGNMENT:**

The agreement to deliver energy efficiency direct installation programs to RPU electric customers aligns with Strategic Priority 4, Environmental Stewardship. To support Goal 4.6, program deliverables will focus on helping commercial 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 new green economy for current and future generations.

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

1. **Community Trust** – The RFP issued to administer the consultant administered energy efficiency program was 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. The project is intended to benefit customers and improve the community environment by encouraging energy efficiency.
2. **Equity** – The program contained in this report offers 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 program 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 noted above)
4. **Innovation** – The consultant administered energy efficiency program offers RPU's commercial electric rate payers the latest energy efficiency measures as well as provides 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 program provides 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 fiscal impact of the amendment is \$1,375,000, which includes a 10% contingency of \$125,000. Sufficient funds are budgeted and available in the Electric Public Benefit Fund, Outdoor Lighting account number 6020100-456006.

Prepared 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. Agreement  
2. Presentation