

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 14, 2020

ITEM NO: 7

SUBJECT: INVOICE FOR GREENLITE LIGHTING CORPORATION IN THE AMOUNT OF \$45,853 FOR THE RETAIL LIGHT EMITTING DIODE BUYDOWN PROGRAM

ISSUE:

Consider, provide direction, and forward a recommendation to City Council for invoice in the amount of \$45,853 for Greenlite Lighting Corporation for services rendered and product provided for the cancelled fiscal year 2019/20 Energy Efficiency Retail Light Emitting Diode Buyback Program.

RECOMMENDATION:

That the Board of Public Utilities:

1. Consider and provide direction to staff for the Greenlite Corporation invoice, in the amount of \$45,853, for services rendered and product delivered for the cancelled fiscal year 2019/20 Energy Efficiency Retail Light Emitting Diode Program; and
2. Forward the recommended action for the Greenlite Corporation invoice to City Council.

BACKGROUND:

Southern California Public Power Authority (SCPPA) task orders are master agreements with vendors for each member utility to optionally participate in the contract for negotiated pricing with an individualized scope of work. Vendors invoice SCPPA, SCPPA pays the invoice and then bills the member agencies. Vendors concurrently provide Riverside Public Utilities (RPU) with a copy of the invoice sent to SCPPA.

Fiscal Year 2018/19 Energy Efficiency Task Orders

On June 19, 2018, the City Council approved the fiscal year 2018/19 annual task orders with SCPPA for nine energy efficiency programs, including the Retail Light Emitting Diode (LED) Buydown Program with Greenlite Lighting Corporation USA (Greenlite), up to the amount of \$300,000.

The fiscal year 2018/19 Retail Light Emitting Diode (LED) Buydown Program was an energy efficiency incentive for RPU customers to purchase and install LED light bulbs at a reduced price as RPU bought down the retail cost at participating local stores. Customers paid \$0.99 for single bulbs and \$2.99 for the package of four bulbs. The LED light bulbs from Greenlite included RPU branding, store displays and were sold at local retail stores including 99 Cent Stores, Habitat for Humanities ReStore, Goodwill, Salvation Army and several local hardware stores. Greenlite solicited the retail vendors and coordinated delivery to the stores.

The LED light bulbs provided by this program are high quality bulbs that serve a variety of home uses – from bulbs used in table lights to floodlights and decorative lights. Under the program, the LED light bulbs included:

- 9 Watt (W) Dimmable LED Omnidirectional Bulb (60 W replacement)
- 11 W Dimmable LED Omnidirectional Bulb (100 W replacement)
- 8 W Dimmable LED BR30 Floodlight (65 W Replacement)
- 7 W LEDX Clear Filament Style Omnidirectional Bulb (60 W Replacement)
- 4.5 W LEDX Clear Filament Style Globe Bulb (40 W Replacement)
- 9 W Dimmable LED Omnidirectional 4-PK (60 W Replacement)



The FY 2018/19 task order with Greenlite Lighting Corporation USA was in the amount of \$300,000. RPU is invoiced monthly and only pays for the bulbs that are delivered to the retail vendors in the City which is dependent on sales. RPU only paid for the bulbs that were delivered to be sold for the year under the Task Order. Under the FY 2018/19 Task Order, the LED Buydown Program under Greenlight sold over 67,000 LED bulbs for a total cost of \$253,211 which achieved an estimated energy savings of 2.421 MWh. RPU received a four percent (4%) discount from Greenlite's standard pricing by procuring services through Southern Californian Public Power Authority (SCPPA) due to economies of scale pricing.

Fiscal Year 2019/20 Energy Efficiency Task Orders

On May 13, 2019, the Board of Public Utilities voted to forward a recommendation to the City Council for approval of nine (9) energy efficiency programs under the SCPPA Task Order process for fiscal year 2019/20 which included the LED Buydown Program through Greenlite.

On June 18, 2019, the City Council continued the item to approve nine (9) energy efficiency programs under the SCPPA Task Order process for fiscal year 2019/20 which included the LED Buydown Program through Greenlite, to an unspecified future date due to concerns with the procurement process.

On August 26, 2010, the Board of Public Utilities officially *rescinded* the May 13, 2019 approval of the Task Orders with SCPPA for the administration of the nine (9) energy efficiency programs for Fiscal Year 2019/20. This rescission included the LED buydown program through Greenlite.

RPU stopped using SCPPA energy programs effective July 1, 2019, and has determined that future energy efficiency programs would be completed through the City request for proposal purchasing process.

DISCUSSION:

Greenlite had expected that the contract for the energy efficiency LED bulbs would continue into FY 2019/20 based on the May 13, 2019, Board of Public Utilities recommended approval of the program. In June 2019, Greenlite, *without RPU authorization*, produced LED bulbs and distributed them to city retail locations for the anticipated July through September 2019 period of the unapproved fiscal year 2019/20 energy efficiency LED Buy Down Program.

On July 9, 2019, Greenlite submitted an invoice to SCPPA for the LED bulbs billed for the unapproved fiscal year 2019/20 energy efficiency LED Buy Down Program. RPU received a copy of this invoice and communicated with Greenlite that RPU was not authorized to pay the invoice because the program was not approved for fiscal year 2019/2020. RPU communicated to Greenlite about the inappropriateness of the company's assumption that the City would pay for product and services that were not authorized by the City.

In January 2020, Greenlite retracted the invoice from SCPPA and submitted the invoice to RPU (Attachment 1) for the bulbs that had been produced, delivered, and sold to customers at Riverside retailers. Greenlite's invoice reflects that bulb prices agreed upon for the FY 18/19 Task Order with an additional 2% discount off the total invoice. It was not possible to recall the items as the bulbs had already been sold by the retailers.

RPU has worked with Greenlite on energy efficiency programs for several years. This invoice requires City Council approval for payment. Staff agrees that Greenlite was acting on behalf of RPU *without authorization* and acknowledges that:

1. RPU customers received a benefit from the energy savings and lower costs from the LED bulbs; and
2. Riverside retailers benefitted from customers who may have been drawn to their locations to purchase these bulbs.

RPU staff members are aware of the difficult situation this vendor has placed upon the City and staff continue to seek solutions to ensure this type of action is not repeated.

FISCAL IMPACT:

The total fiscal impact of Greenlite Corporation's outstanding invoice for the LED buydown energy efficiency program through SCPPA is \$45,853. Sufficient funds are available in Public Benefit – LED Buy Down Program Account No. 6020100-456096 to pay this invoice.

Prepared by:	Carlie Myers, Utilities Assistant General Manager/Business and Customer Services
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Al Zelinka, FAICP, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Certifies availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
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Attachments:

1. Greenlite Invoice
2. Presentation