



City Council Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MARCH 3, 2026

FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL

**SUBJECT: AMEND PROFESSIONAL CONSULTANT SERVICES AGREEMENT ADDING
ADDITIONAL PROGRAM FUNDING FOR THE VENDOR ADMINISTERED
ENERGY EFFICIENCY PROGRAM FOR THE OUTDOOR LIGHTING DIRECT
INSTALLATION PROGRAM RFP 2137 WITH RICHARD HEATH AND
ASSOCIATES OF FRESNO, CALIFORNIA IN AN ADDITIONAL AMOUNT OF
\$2,500,000 FOR TOTAL CONTRACT AMOUNT NOT TO EXCEED \$5,000,000**

ISSUE:

Approve the amended Professional Consultant Services Agreement, adding additional program funding for vendor administered energy efficiency program for the Outdoor Lighting Direct Installation Program RFP 2137 with Richard Heath and Associates of Fresno, California, in an additional amount of \$2,500,000 for total contract amount not to exceed \$5,000,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the third amendment to the agreement with Richard Heath and Associates of Fresno, California, adding additional funding of \$ 2,500,000, for Outdoor Lighting Direct Installation Program for total contract amount of \$5,000,000; and
2. Authorize the City Manager, or designee, to execute the amended Professional Consultant Services Agreements, including making minor and non-substantive changes to the agreement.

BOARD RECOMMENDATION:

On February 9, 2026, the Board of Public Utilities voted unanimously to approve recommending that City Council approve amended Professional Consultant Services Agreement, adding additional program funding for vendor administered energy efficiency program for the Outdoor Lighting Direct Installation Program RFP 2137 with Richard Heath and Associates of Fresno, California, in an additional amount of \$2,500,000 for total contract amount not to exceed \$5,000,000.

LEGISLATIVE HISTORY:

Assembly Bill (AB) 1890 (Brulte, 1996) requires that 2.85% of electric revenue be utilized to fund public benefits programming 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) was a comprehensive package that set ambitious energy conservation policies and goals. SB 1037 required 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. This Senate bill also requires POU's to demand reduction programs.

AB 2021 (Levine, 2006) required publicly owned utilities (POU) to identify, target and achieve all potentially cost-effective electric savings and establish 10-year energy efficiency targets.

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 required local POU's to establish annual targets for energy efficiency savings and demand reduction consistent with this goal.

BACKGROUND:

Since the early 2000's, Riverside Public Utilities (RPU) has offered a comprehensive range of energy efficiency programs and rebates for its customers. RPU has developed several energy efficiency programs that can be tailored to the different needs of commercial customers, who represent approximately 12% of the customer base, but account for approximately 65% of the City's electric 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. On January 10, 2023, the City Council approved a professional consultant services agreement with Richard Heath and Associates 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.

Demand for the program exceeded what had initially been projected, and on November 19, 2024, City Council approved a 1st Amendment to increase program funds by an additional \$1,250,000. On October 7, 2025, the 2nd Amendment to the contract was executed, which extended the term of the agreement for an additional one-year term to January 13, 2027.

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 primarily offered to Demand or Time of Use (TOU) rate customers within the RPU electric service territory. Customers participating in the program receive a site audit from a program auditor who inspects existing equipment and reviews it for energy upgrade opportunities. Audit findings are used to

prepare a scope of work for the customer, which they may elect to pursue.

The following chart highlights the program’s success since it was initiated in 2023. The program has benefited 289 customers and 86% of funds have been spent. By increasing the funds, RPU can continue to support businesses who have not yet benefitted from the program.

Program	Businesses Assisted	Lifetime kWh Savings	Program Costs	Available Budget	% Funds Spent
Outdoor Lighting	289	32,296,106	\$2,146,400	\$2,500,000	86%

Program Benefits

Consultant administered direct installation energy efficiency programs offered by RPU are aimed at maximizing energy savings for the customer. In addition, the programs also support customers by helping to lower business overhead or operating costs. On average, Outdoor Lighting program participants are expected to save approximately 11,175 kWh annually or about \$1,053.00 per year, which can amount to significant savings for customers. The program is extremely cost effective for RPU as well with a cost of less than seven center per kW (6.7 cents/kW) for the lifetime energy savings.

The table below highlights the potential savings for RPU’s large customers on Demand and Time-of-Use rates.

Average Customer Savings	
Average program spend per customer	\$7,427.00
Average annual kWh savings per customer	11,175 kWh
Potential Utility bill annual savings for Demand and TOU customers*	\$1,053.00

**Formula used is based on RPU’s approved rate structure for the energy charge average mid-peak & off-peak.*

The Outdoor Lighting program is one of RPU’s most effective energy savings programs. The year-to-date energy savings for the current fiscal year, 2025/26, accounts for 37% of all the energy saved via RPU’s commercial energy efficiency program portfolio. The contractor, Richard Heath and Associates, has performed very well under the agreement and staff concurs that their team is appropriately managing the contract. Customers have also indicated they are very happy with the program and the benefits it provides for them. Continuing funding for this highly successful program will allow RPU’s customers to continue to benefit from it.

On January 10, 2023, the City Council approved the original agreement per Purchasing Resolution 23914 Section 508 which 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 current Amendment follows the Purchasing Resolution 24101 Section 1104 Change Orders,

which states, “Unless otherwise specifically authorized by the Awarding Entity, Change Order which cumulatively exceed the following will require Awarding Entity approval.... (c) 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000.”

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution No. 24101.

FISCAL IMPACT:

The fiscal impact of the amendment will be \$2,500,000 and on approval, a budget adjustment will be recorded from Public Benefits Fund, Unprogrammed Funds account 6020100-453001 into the Public Benefits Fund, Business Outdoor Lighting Program account 6020100-456006 to cover the costs of the program.

Prepared by:	Tracy Sato, Utilities Assistant General Manager/Strategic Initiatives
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Gilbert Hernandez, Interim Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

- Attachments:
1. Agreement
 2. Presentation