



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814

www.CityofSacramento.org

Meeting Date: 12/6/2011

Report Type: Consent

Title: Establishing a Capital Improvement Project: Energy Reinvestment Program (C13001900)

Report ID: 2011-00942

Location: Citywide

Recommendation: Adopt a Resolution: 1) establishing a new capital improvement project (CIP) for the Energy Reinvestment Program; 2) authorizing the City Manager or the City Manager's designee to accept energy rebates from Energy Technology Assistance Program in the amount of \$217,325, Sacramento Municipal Utilities District in the amount of \$34,530, and Energy Solutions in the amount of \$7,475 and appropriate these rebates to the Energy Reinvestment Program (C13001900, CIP Reimbursable Fund, Fund 3702); 3) authorizing the City Manager or the City Manager's designee to establish revenue and expenditure budgets in the amount of \$259,330 in the Energy Reinvestment Program CIP (C13001900, CIP Reimbursable Fund, Fund 3702); 4) authorizing the City Manager or the City Manager's designee to adjust the Energy Reinvestment Program revenue and expenditure budgets (C13001900, CIP Reimbursable Fund, Fund 3702) as needed for additional rebates to be received during FY2011/12 up to an amount not to exceed \$500,000; 5) authorizing the City Manager or the City Manager's designee to adjust the Energy Reinvestment Program revenue and expenditure budgets (C13001900, CIP Reimbursable Fund, Fund 3702) as needed for administrative cost recovery payments related to solar projects on City facilities to be received during FY2011/12 up to an amount not to exceed \$340,000; and 6) authorizing the City Manager or the City Manager's designee to adjust the expenditure budget in the Energy Reinvestment Program (C13001900, General Fund, Fund 1001) and establish departmental reimbursement budgets to reflect agreements reached between departments related to City facility energy efficiency projects completed by the Department of General Services.

Contact: Yvette Rincon, Sustainability Program Manager, (916) 808-5827, General Services Department

Presenter: None

Department: General Services Dept

Division: Office of the Director

Dept ID: 13001021

Attachments:

- 1-Description/Analysis
- 2-Resolution

City Attorney Review

Approved as to Form
Kourtney Burdick
11/30/2011 9:41:20 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
11/9/2011 2:33:27 PM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 11/28/2011 10:59:24 AM



Description/Analysis

Issue: On November 24, 2009, City Council adopted Resolution 2009-736, which, in part, authorized establishing CIPs and grant projects for the 2009 Federal Energy Efficiency and Conservation Block Grant (EECBG). One of the CIPs established—City Energy Efficiency Retrofits for Facilities, also known as the “Green Facilities Program”—is being used to create a revolving loan program whereby the financial savings resulting from improved energy efficiency in City facilities funded by the grant would be used to pay back the cost of the improvements, thereby creating a “revolving” funding source for future improvements in other City facilities.

This report recommends establishing the Energy Reinvestment Program CIP, which will be used to accumulate the repayment of energy efficiency improvements, including those originally funded by the 2009 EECBG, energy rebates from those improvements, and administrative cost recovery payments related to solar projects on City facilities. These funds will then be used for future improvements in other City facilities, as well as studies, staff time, and any other activities needed to accomplish these improvements.

Policy Considerations: On August 16, 2011, City Council adopted Resolution No. 2011-480 setting a minimum greenhouse gas (GHG) emissions reduction target of 15 percent below 2005 levels by the year 2020. This target reduction ensures the City is in compliance with Assembly Bill 32 (AB 32), the State of California’s Global Warming Solutions Act. Funding energy efficiency improvements in City facilities will play a critical role in reaching that target and complying with AB 32.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have a significant effect on the environment, and does not constitute a “project” as defined by CEQA Guidelines, Sections 15061(b)(3) and 15378(b)(2).

Sustainability: Installing energy efficiency improvements in City facilities reduces the GHG emissions of the facilities and improves the overall performance of the facilities for the end users. The recommended Energy Reinvestment Program CIP provides a mechanism to re-use funding, creating a sustainable program for energy efficiency improvements at no cost to the City.

Commission/Committee Action: None

Rationale for Recommendation: Establishing the Energy Reinvestment Program CIP will provide the mechanism to accumulate the repayment of energy efficiency improvements, energy rebates from those improvements, and administrative cost recovery payments related to solar projects on City facilities to fund future improvements in other City facilities. This program allows the City to continuously re-invest in the energy efficiency of its facilities at no additional cost resulting in more efficient and less costly facilities, and reduced GHG emissions.

Financial Considerations: The recommended CIP will be funded by the repayment of energy efficiency improvements originally funded by the 2009 Energy Efficiency and Conservation Block Grant, as well as energy rebates received as a result of those improvements, and solar project administrative cost recovery payments. Project funds will then be used for future improvements in

other City facilities, as well as studies, staff time, and any other activities needed to accomplish these improvements.

The Green Facilities Program provided upfront funding using grant funds for energy efficiency improvements in the Samuel C. Pannell Meadowview Community Center, five City-owned parking garages, and the Central Library. The Department of General Services executed agreements with the appropriate City departments for repayment of the upfront funding using energy savings realized from the improvements, allowing each department to have no net cost as a result of the improvements. Repayment will be credited to the Energy Reinvestment Program CIP, and the accumulated funds will be used to fund future energy efficiency improvements (“Phase 2” projects) in other City facilities. Phase 2 projects will be developed by the Department of General Services in conjunction with customer departments. Estimated energy savings plans will be created for each Phase 2 project, which will be the basis for new repayment agreements for a period of up to fifteen years. Future payments and energy rebates will provide the funding for additional projects and then the cycle can be repeated, thus creating a sustainable funding source for continued energy efficiency improvements in City facilities.

The Department of General Services has already received rebates in the amount of \$259,330 for energy efficiency improvements completed with funding from the 2009 Energy Efficiency and Conservation Block Grant (EECBG). These rebates include \$217,325 from the Energy Technology Assistance Program, \$34,530 from SMUD, and \$7,475 from Energy Solutions. This report recommends that these rebates be appropriated to the Energy Reinvestment Program (C13001900, CIP Reimbursable Fund, Fund 3702) for future improvements in City facilities. Additional rebates expected in the future will be appropriated in the same manner. The 2009 Energy Efficiency and Conservation Block Grant guidelines require that future rebates be reinvested in the program and spent on additional projects by November 2012. Payments from departments that are expected as projects are completed will be appropriated to the Department of General Services reimbursement budget (General Fund, Fund 1001) and the Energy Reinvestment Program expenditure budget (C13001900, General Fund, Fund 1001) for future improvements in City facilities.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.



RESOLUTION NO. 2011-XXXX

Adopted by the Sacramento City Council

December 6, 2011

AUTHORIZING ACTIONS RELATED TO ESTABLISHING THE ENERGY REINVESTMENT PROGRAM CAPITAL IMPROVEMENT PROJECT (C13001900)

BACKGROUND

- A. On November 24, 2009, City Council adopted Resolution 2009-736, which, in part, authorized establishing capital improvement and grant projects for the 2009 Federal Energy Efficiency and Conservation Block Grant. One of the capital projects established (City Energy Efficiency Retrofits for Facilities, also known as the “Green Facilities Program”) is being used to create a revolving loan program whereby the financial savings resulting from improved energy efficiency in City facilities funded by the grant would be used to pay back the cost of the improvements, thereby creating a “revolving” funding source for future improvements.
- B. Establishing the Energy Reinvestment Program CIP will provide the mechanism to accumulate the repayment of energy efficiency improvements, including those originally funded by the 2009 EECBG; energy rebates from those improvements, including \$217,325 from the Energy Technology Assistance Program, \$34,530 from SMUD, and \$7,475 from Energy Solutions; and administrative cost recovery payments related to solar projects on City facilities to fund future improvements in other City facilities. This program allows the City to continuously re-invest in the energy efficiency of its facilities at no additional cost resulting in more efficient and less costly facilities, and reduced greenhouse gas emissions.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Energy Reinvestment Program (C13001900) is established as a new capital improvement project.
- Section 2. The City Manager or the City Manager’s designee is authorized to accept energy rebates from Energy Technology Assistance Program in the amount of \$217,325, Sacramento Municipal Utilities District in the amount of \$34,530, and Energy Solutions in the amount of \$7,475 and appropriate these rebates to the Energy Reinvestment Program (C13001900, CIP Reimbursable Fund, Fund 3702).

- Section 3. The City Manager or the City Manager's designee is authorized to establish revenue and expenditure budgets in the amount of \$259,330 in the Energy Reinvestment Program CIP (C13001900, CIP Reimbursable Fund, Fund 3702).
- Section 4. The City Manager or the City Manager's designee is authorized to adjust the Energy Reinvestment Program revenue and expenditure budgets (C13001900, CIP Reimbursable Fund, Fund 3702) as needed for additional rebates to be received during FY2011/12 up to an amount not to exceed \$500,000
- Section 5. The City Manager or the City Manager's designee is authorized to adjust the Energy Reinvestment Program revenue and expenditure budgets (C13001900, CIP Reimbursable Fund, Fund 3702) as needed for administrative cost recovery payments related to solar projects on City facilities to be received during FY2011/12 up to an amount not to exceed \$340,000.
- Section 6. The City Manager or City Manager's designee is authorized to adjust the expenditure budget in the Energy Reinvestment Program (C13001900, General Fund, Fund 1001) and establish departmental reimbursement budgets to reflect agreements reached between departments related to City facility energy efficiency projects completed by the Department of General Services.