City of FRESNO

REPORT TO THE CITYCOUNCIL

AGENDA ITEM NO.	1D
COUNCIL MEETING	3/8/12
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	

March 8, 2012

FROM: BRUCE A. RUDD, Assistant City Manager / Interim PARCS Director
Parks, After School, Recreation and Community Services Department

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Parks, After School, Recreation and Community Services Department

SUBJECT: APPROVE ACCEPTANCE OF A $158,505 PACIFIC GAS AND ELECTRIC COMPANY (PG&E) ENERGY EFFICIENCY RETROFIT LOAN, AND AUTHORIZE THE ASSISTANT CITY MANAGER/INTERIM PARCS DIRECTOR TO EXECUTE ALL DOCUMENTS ASSOCIATED WITH THE LOAN PROGRAM

RECOMMENDATION

The Parks, After School, Recreation and Community Services Department (PARCS) recommends that the City Council approve acceptance of a loan not to exceed $158,505 from the Pacific Gas & Electric (PG&E) Company Energy Efficiency Retrofit Loan Program, and authorize the Assistant City Manager/Interim PARCS Director, or designated representative, as agent of the City of Fresno to execute and submit all necessary documents associated with the PG&E Retrofit Loan Program.

EXECUTIVE SUMMARY

PARCS, in collaboration with the City's Sustainable Fresno Division, submitted an Energy Efficiency Retrofit Loan application to PG&E to determine eligibility to help install field lighting improvements at 22 park sites throughout the City. The PG&E Retrofit Loan Program would allow the City to upgrade the field lighting at all its' older parks as part of a zero interest loan that can be paid back from the estimated energy savings over a define period of time.

PG&E conducted an energy review of the proposed sites and determined that 12 park sites are eligible to receive a one-time retrofit rebate of up to $15,947, which would reduce the loan amount from $158,505 to $142,558. The loan would be partially offset by anticipated decreases in utility costs, but would result in a net annual increase of $13,568, which equates to a 2.75 year return on investment. Staff believes that the additional resources needed to cover this expense can be identified within existing appropriation levels.

BACKGROUND

The PARCS Department would like to retrofit existing field lighting by installing a computerized system that will help control, monitor and manage field lights used to illuminate different parks, sports fields, etc. Lighting schedules are entered based on the field reservations, seasonal adjustments, or weather. The system will lower energy costs by reducing the number of fixtures that are operating when there is limited use of a park or based on demand or inclement weather. The system also allows real-time adjustments to lighting schedules to accommodate reservations for league play.

The PG&E Energy Efficiency Retrofit Loan Program, established under the auspices of the California Public Utilities Commission, is offering interest free loans, with no late payments or additional charges. PARCS has

consolidated an application from various park sites under one application for an estimated loan of up to $158,505. The loan amount is based on estimated costs to retrofit the lighting equipment of $158,505 less PG&E qualified program incentives of $15,947, which will help reduce the loan amount to $142,558.

PG&E hired a third party review team to examine the proposed park projects to determine the actual rebate amount, who quantified the energy savings at 318,930 KWh per year. At an average current cost of .12¢ per KWh, the city will save $38,272 in annual energy costs. The Retrofit Loan Program is designed to allow the energy savings to pay for the loan payment. The loan terms for this project are 33 monthly payments of $4,320 at zero interest ($51,840 annually). Acceptance of this loan will result in a net increase in PARCS' annual utility budget over the term of the loan of approximately $13,568, resulting in a 2.75 year return on investment, which the Department believes can be funded within existing appropriations.

In addition to reduced energy savings, the Department will also benefit from the ability to reallocate existing labor hours to addressing other maintenance related needs by eliminating the requirement for staff to drive to each park site to turn off light controls or reset the timers. Staff currently spends up to 200 hours per year adjusting the lighting controls at various parks. The new system will also help to reduce calls from area residents concerned about lights that are left on, not to mention the opportunity to help Fresno achieve different environmental and sustainability goals.

The pool of funds set aside by PG&E for this program can quickly become oversubscribed and the energy efficiency retrofits are required to be completed prior to June 11, 2012. Therefore, staff recommends acceptance of the PG&E Retrofit Loan.

FISCAL IMPACT

There is no impact to the General Fund as the Department believes it can identify different opportunities within existing appropriations to cover the additional $13,568 in cost over the 33 month period.

Attachment PG&E General On-Bill Financing Loan Agreement

Pacific Gas and Electric Company

GENERAL ON-BILL FINANCING LOAN AGREEMENT

The undersigned customer ("**Customer**") has contracted for the provision of energy efficiency/demand response equipment and services (the "**Work**") which qualify for one or more of PG&E's applicable rebate or incentive programs. Subject to the conditions (including the process for Adjustment and preconditions to funding) set forth below, Pacific Gas & Electric Company (**"PG&E"**) shall extend a loan (the "**Loan**") to Customer in the amount of the loan balance (the "**Loan Balance**") pursuant to the terms of this On-Bill Financing Loan Agreement ("**Loan Agreement**") and PG&E's rate schedules E-OBF and/or G-OBF, as applicable (the "**Schedule**").

To request the Loan, Customer has submitted a completed On-Bill Financing Application and associated documentation as required by PG&E (the "**Application**"). Collectively the Application and this Loan Agreement (including any Adjustment hereunder) comprise the "Agreement".

1. Customer shall arrange for its Contractor, as identified at the end of this Agreement ("**Contractor**"), to provide the Work as described in the Application.

2. The estimated Loan Balance is set forth below. The total cost of the Work as installed, rebate/incentive for qualifying energy efficiency measures, Loan Balance, monthly payment, and loan term specified in this Loan Agreement may be adjusted, if necessary, after the Work and the post-installation inspection described in the Application and/or herein are completed (the "**Adjustment**"). The Adjustment will be calculated using the actual total cost of the Work, as installed, and the estimated energy savings (as described in the Application) of such Work. In no event will the Loan Balance be increased without Customer's written consent, even if Customer is eligible for such increased Loan Balance. Moreover, in no event will the Loan Balance exceed the maximum loan amount stipulated in the Application. Customer understands that in order to be eligible for the Loan, the initial Loan Balance for Work may not fall below the minimum loan amount, nor may the payback period exceed the maximum payback period.

Accordingly, if after the Adjustment, the Loan Balance falls below the minimum loan amount or if the simple payback period exceeds the program maximum payback period, each as described in the Application, PG&E shall have no obligation to extend the Loan, as the Work would not meet program requirements. The Adjustment described in this paragraph will be communicated to the Customer in writing and will automatically become part of this Loan Agreement, except that any proposed increase in the Loan Balance will only become part of this Loan Agreement upon Customer's written consent to such increase.

3. PG&E shall have no liability in connection with, and makes no warranties, expressed or implied, regarding the Work. Customer will be responsible for any and all losses and damage it may suffer in connection with, and any claims by third parties resulting from, the Work. Customer shall indemnify and hold harmless PG&E, its affiliates, and their respective owners, officers, directors, employees and agents thereof, from and against all claims, demands, liabilities, damages, fines, settlements or judgments which arise from or are caused by (a) any breach of the Agreement by Customer; (b) any defects or problems with the Work, or the failure of the Work to deliver any anticipated energy efficiencies; (c) Customer's failure to pay any amount due or claimed by Contractor with respect to the Work; or (d) the wrongful or negligent acts or omissions of any party (including Contractor) in the conduct or performance of the Work.

4. Customer represents and warrants that (a) Customer is receiving this Loan solely for Work obtained in connection with Customer's business, and not for personal, family or household purposes; (b) Customer, if not an individual or a government agency, is duly organized, validly existing and in good standing under the laws of its state of formation, and has full power and authority to enter into this Agreement and to carry out the provisions of this Agreement. Customer is duly qualified and in good standing to do business in all jurisdictions where such qualification is required; (c) this Loan Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Customer and is a valid and legally binding agreement of Customer duly enforceable in accordance with its terms;
(d) no consent, approval, authorization, order, registration or qualification of or with any court or regulatory authority or other governmental body having jurisdiction over Customer is required for, and the absence of which would adversely affect, the legal and valid execution and delivery of this Loan Agreement, and the performance of the transactions contemplated by this Loan Agreement; (e) the execution and delivery of this Loan Agreement by Customer hereunder and the compliance by Customer with all provisions of this Loan Agreement: (i) will not conflict with or violate any Applicable Law; and (ii) will not conflict with or result in a breach of or default under any of the terms or provisions of any loan agreement or other contract or agreement under which Customer is an obligor or by which its property is bound; and (f) all factual information furnished by Customer to PG&E in the Application and pursuant to this Agreement is true and accurate.

5. The Application must include the Federal Tax Identification Number or Social Security Number of the party who will be the recipient of the checks for the rebate/incentive or any Loan proceeds. Checks may be issued directly to the Customer or its designated Contractor or both, for the benefit of the Customer, as specified below. Customer acknowledges that PG&E will not be responsible for any tax liability imposed on the Customer or its contractor in connection with the transactions contemplated under the Agreement, whether by virtue of the Loan contemplated under the Agreement, or otherwise, and Customer shall indemnify PG&E for any tax liability imposed upon PG&E as a result of the transactions contemplated under the Agreement.

6. Upon completion of the Work, Customer shall send a written confirmation of completion to PG&E's On-Bill Financing Program Administrator at the address listed in Section 15. Within 60 days after receiving the confirmation, PG&E (a) will conduct a post installation inspection and project verification, including review of invoices, receipts and other documents as required by PG&E to verify the correctness of any amounts claimed by Customer; (b) will adjust, if necessary, the total cost, incentive, Loan Balance, monthly payment, and loan term as stated above; and (c) if PG&E deems necessary, obtain updated financial information to verify that Customer has good credit standing (as determined by PG&E) prior to making the Loan. Customer shall give PG&E reasonable access to its premises and the Work and shall provide such updated financial information to PG&E upon request. PG&E may decline to make the Loan if PG&E determines, in its sole discretion, that Customer does not have good credit standing at that time.

If the Work conforms to all requirements of the Agreement and all amounts claimed by Customer as Work costs are substantiated to PG&E's reasonable satisfaction, and PG&E is satisfied that Customer has good credit standing, PG&E will issue a check ("**Check**") to Customer or Contractor (as designated by Customer in Section 15) for all amounts PG&E approves for payment in accordance with the Agreement. The date of such issuance is the "**Issuance Date**". If the Check is issued to Customer, Customer shall be responsible for paying any outstanding fees due to Contractor for the Work. If the Check is less than the amount due from Customer to Contractor, Customer shall be responsible for the excess due to the Contractor.

7. Customer shall repay the Loan Balance to PG&E as provided in this Loan Agreement irrespective of whether or when the Work is completed, or whether the Work is in any way defective or deficient, and whether or not the Work delivers energy efficiency savings to Customer.

8. The monthly payments will be included by PG&E on the Account's regular energy service bills, or by separate bill, in PG&E's discretion. Regardless whether the monthly payments are included in the regular utility bill or a separate loan installment bill, the following repayment terms will apply:

a. The Customer agrees to repay to PG&E the Loan Balance in the number of payments listed below and in equal installments (with the final installment adjusted to account for rounding), by the due date set forth in each PG&E utility bill or loan installment bill rendered in connection with Customer's account (identified by the number set forth below) ("Account"), commencing with the bill which has a due date falling at least 30 days after the Issuance Date.

b. If separate energy service bills and loan installment bills are provided, amounts due under this Loan Agreement as shown in the loan installment bill shall be deemed to be amounts due under each energy services bill to the Account, and a default under this Loan Agreement shall be treated as a default under the Account.

c. If the Customer is unable to make a full utility bill payment in a given month, payment arrangements may be made at PG&E's discretion.

d. Any partial bill payments received for a month will be applied in equal proportion to the energy charges and the loan obligation for that month, and the Customer may be considered in default of both the energy bill and the loan installment bill.

e. Further payment details are set forth below.

Pacific Gas and Electric Company

9. Any notice from PG&E to Customer regarding the Program or the transactions contemplated under the Loan Agreement may be provided within a PG&E utility bill or loan installment bill, and any such notices may also be provided to Customer at the address below or to the Customer's billing address of record in PG&E's customer billing system from time to time, and in each case shall be effective five (5) days after they have been mailed.

10. The Loan Balance shall not bear interest.

11. Customer may, without prepayment penalty, pay the entire outstanding loan balance in one lump sum payment provided the customer first notifies PG&E by telephoning the toll free phone number (1-800-468-4743), and by sending written notice to PG&E On-Bill Financing Program Administrator at the address listed below, in advance of making the lump sum payment. Accelerated payments that are received from Customer without PG&E's prior approval may, at PG&E's sole discretion, be applied proportionally to subsequent energy charges and Loan repayments and PG&E shall have no obligation to apply accelerated payments exclusively to reduction of the outstanding Loan.

12. The entire outstanding Loan Balance will become immediately due and payable, and shall be paid by Customer within 30 days if: (i) the Account is closed or terminated for any reason; (ii) Customer defaults under the Agreement; (iii) Customer sells or transfers ownership of the equipment forming part of the Work to any third party (including as part of a sale or lease of premises or transfer of business or otherwise); or (iv) Customer becomes Insolvent. Customer becomes "Insolvent" if: (i) Customer is unable to pay its debts as they become due or otherwise becomes insolvent, makes a general assignment for the benefit of its creditors, or suffers or permits the appointment of a receiver for its business or assets or otherwise ceases to conduct business in the normal course; or (ii) any proceeding is commenced by or against Customer under any bankruptcy or insolvency law that is not dismissed or stayed within 45 days.

13. Customer understands that without limiting any other remedy available to PG&E against Contractor or Customer, **failure to repay the Loan Balance in accordance with the terms of the Agreement could result in shut-off of utility energy service, adverse credit reporting, and collection procedures, including, without limitation, legal action**.

14. If there is any conflict among the documents comprising the Agreement, the following order of priority shall apply: 1. this Loan Agreement; 2. the Application; 3. any documents attached to the Application.

Pacific Gas and Electric Company

15. Loan Particulars.

This table is to be completed by PG&E					
Total Cost	**Incentive**	**Loan Balance [1]**	**Monthly Payment**	**Term [2] (months)**	**Number of Payments**
$ 158,505.35	**$ 15,946.51**	**$ 142,558.84**	**$ 4,319.96**	**33**	**33**

Check Made Payable to Customer □ or Contractor □
[customer to select payment method. Note that only one check can be issued]

Customer Details	**Contractor Details**
Federal Tax ID or Social Security #, Customer	Federal Tax ID or Social Security #, Contractor
94-6000338	

PG&E Account # / Service Agreement #
9720506986/9720506195

Account Name, Customer	Name, Contractor
City of Fresno (2K1173044 City Parks Lighting)	

Service Address, Customer	Address, Contractor
745 1st Street, Fresno, CA 93702	

Name and Title of Authorized Representative of Customer	Name and Title of Authorized Representative of Contractor
Bruce A. Rudd	

Signature of Authorized Representative of Customer

Date

ACCEPTED: Pacific Gas & Electric Company

By	Date
PG&E On-Bill Financing Program Manager	

Address:

PG&E Integrated Processing Center
P.O. Box 7265
San Francisco, CA 94120-7265

[1] The Loan Balance shall not exceed one-hundred thousand dollars ($100,000) for commercial customers and shall not exceed two-hundred fifty thousand dollars ($250,000) for government agency customers, excepting loans to government agency customers where, in PG&E's sole opinion, the opportunity for uniquely large energy savings exist, in which case the Loan Balance may exceed two-hundred fifty thousand dollars ($250,000) but shall not exceed one million dollars ($1,000,000).

[2] Commercial loans may have their loan terms extended beyond five years, not to exceed the expected useful life (EUL) of the bundle of energy efficiency measures proposed, when credit and risk factors support this.