



Agenda Report

October 19, 2020

TO: Honorable Mayor and City Council

FROM: Pasadena Water and Power

SUBJECT: AUTHORIZE A TIME EXTENSION ON CONTRACT 31017 WITH STAPLES ENERGY FOR THE PROVISION OF COMMERCIAL ENERGY AND WATER DIRECT INSTALLATION PROGRAM SERVICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15301 (Class 1: Existing Facilities) and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances; and
2. Authorize the City Manager, or his designee, to amend contract #31017 with Staples Energy for the installation of energy and water-conservation devices, equipment, and services for Pasadena Water and Power ("PWP") under the Water and Energy Direct Install Program ("WeDIP"), to extend the contract expiration date by five months from February 28, 2021 until July 31, 2021 without increasing the total authorized contract amount.

BACKGROUND:

PWP is committed to supporting its customers to achieve water and energy savings which result in environmental benefit for the community and financial benefit for the customer. Since 2013, PWP has offered the WeDIP program to its small businesses and commercial customers featuring free installation of energy and water savings measures that reduce annual electric and water usage, including dishwashers, clothes washers, steamers, ice machines, pre-rinse spray valves, interior and exterior lighting, and refrigeration measures. WeDIP was expanded in 2018 through a \$1.2 million grant from the California Department of Water Resources to reach more small business customers in the Disadvantaged Community ("DAC") census tract area, and provide broader range of services.

The grant-funded expansion increased annual program participation by 50 percent, and tripled annual energy and water savings. The current WeDIP program serves approximately 340 small business customers per year and results in annual water and energy savings of over 7.1 million gallons and 3.2 million kilowatt hours ("kWh"), respectively. Over 67% of customer participating in WeDIP are located in the DAC

area, of which 59% are assisted living facilities, churches, schools, restaurants and hospital facilities.

On August 28, 2017, through a competitive selection process, the City Council authorized a contract with Staples Energy to implement WeDIP with a not-to-exceed amount of \$3,685,285 over an initial two year term with an option for a one-year term extension not to exceed \$1,314,715.

The contract was executed on February 27, 2018 and is currently in the extension term. During the initial two year contract term 566 businesses participated, with 25,871 efficiency measures installed, and energy savings of 6,071,748 kWh and water savings of 36.3 Acre Feet. The extension term began in March 2020, and coincided with the Covid-19 restrictions. As a result the WeDIP program was suspended for a period of 2.5 months, from March-May 2020, during which time no costs were incurred. The program restarted in June 2020 and current program participation rates will result in estimated expenditures of \$1,026,699 through the contract extension term which expires on February 21, 2021. This will leave a balance of \$288,016 on the contract amount of \$1,314,715. PWP is recommending a time extension of the contract through June 30, 2021 in order to fully utilize grant funds. The grant expires on June 30, 2021. The time extension will allow PWP to reach 116 additional customers and achieve an estimated 275,988 kWh in energy and 6.6 AF in water savings.

A summary of contract activity is as follows:

Table I: Staples Contract Amount / Expenditures

	Contract Years 1 and 2	Contract Year 3 (Optional One- Year Term)	Recommended Extension/ Funds Remaining
Contract Amount	\$3,685,285	\$1,314,715	\$0
Expenditures	\$2,624,722	\$1,026,699*	\$288,016

**estimated expenditures through existing contract term*

WeDIP contributes to meeting PWP's energy and water savings goals while providing economic savings and efficiency benefits to the Pasadena business community. Many small businesses have been unable to participate in PWP's commercial rebate programs because they cannot afford the up-front energy and water building retrofit costs. The Program promotes broader participation by providing small businesses a no-cost retrofit.

Staples Energy has shown satisfactory and timely performance. With a local Pasadena office, they have excelled in outreach to Pasadena businesses to increase program participation in the DAC to 68%.

PWP is pursuing grant opportunities to continue funding for the expanded scope of the WeDIP program and will develop future work scope consistent with anticipated budgets. A competitive selection will be initiated to select and retain a vendor to implement services in FY2022 and beyond. The recommended amendment to the Staples contract will ensure continuity of the WeDIP program services until the new contract is in place.

COUNCIL POLICY CONSIDERATION:

The recommended contract extension is consistent with the City Council's Strategic Planning Goals to: maintain fiscal responsibility and stability; increase conservation and sustainability; and improve the quality of life and the local economy in Pasadena by enhancing customer satisfaction and confidence. The recommended contract extension supports the energy efficiency goals adopted by the City Council on March 13, 2017, key actions in the Urban Water Management Plan to reduce per capita water use, the City's Urban Environmental Accords Goals, the General Plan Energy Element, the Water System and Resources Plan, and the 2018 Power Integrated Resource Plan. The proposed contract extension will contribute to greenhouse gas reduction goals by reducing energy use in Pasadena.

ENVIRONMENTAL ANALYSIS:

The project is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Class 1: Existing Facilities). The Class 1 categorical exemption covers the repair, maintenance, or minor alteration of existing public or private structures, involving negligible or no expansion of use. The extension of the current contract with no monies added would provide for improvements to reduce energy and water consumption from existing commercial structures but not expand the use of the properties.

FISCAL IMPACT:

This is a time extension only. There is no cost for this action. Funding for the expenditures in Fiscal Year 2021 are addressed by the utilization of existing and budgeted appropriations within the Public Benefits Fund account number 41609140-821510 and the Water Conservation Fund account number 41407820-821500.

Respectfully submitted,



GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



Ursula Schmidt
Water Conservation Programs Manager
Water and Power Department

Approved by:



STEVE MERMELL
City Manager