

Agenda Report

TO: City Council

DATE: January 8, 2001

FROM: City Manager

SUBJECT: Authorization to Apply for a Grant and a Loan from the State of California Energy Commission for the Traffic Signal Lamp Conversion and to Enter into Contracts as Necessary

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt a resolution approving the filing of grant and loan applications for funds to replace incandescent traffic signal lamps with energy efficient light emitting diodes (LEDs).
2. Authorize the Purchasing Administrator to issue a purchase order in the amount not to exceed \$135,000 to Synchronex to provide LEDs for the subject project. Competitive bidding is not required pursuant to City Charter Section 1002(H), contracts with other governmental entities or their contractors.
3. Grant the proposed contract with Synchronex an exemption from the competitive selection process of the Affirmative Action in Contracting Ordinance pursuant to PMC 4.09.060, contracts for which the City's best interests are served.
4. Amend the FY 2001 Capital Improvement Program to include this new project, Traffic Signal Indication Energy Conservation.

BACKGROUND:

In order to reduce electrical power consumption throughout the State, the California Energy Commission has established a program of financial incentives to assist various institutions and governmental agencies to install more energy efficient equipment. One of the programs provides incentives for the replacement of incandescent traffic signal lamps with energy efficient light emitting diodes (LEDs).

The Commission has approved a total of ten million dollars for this program on a first come, first served basis. Applications will be accepted until March 1, 2001 or until all funds have been allocated, whichever comes first. All work must be completed by June 1, 2001.

Red LEDs were recently installed along Green Street, Colorado Boulevard, Union Street and Walnut Street/Foothill Boulevard using federal funds. Because Caltrans had not approved any other color, only red LEDs could be installed. Caltrans has now approved all necessary colors. Therefore, it is proposed to install green LEDs along these same streets.

The State grant will provide approximately 50% of the labor and material costs. The Pasadena Department of Water and Power has an energy conservation program which will provide an amount equal to one year's energy savings, not to exceed 25% of the project cost. The remaining cost may be borrowed from the Commission or the City can use its own funds.

Payments from the State grant and the Water and Power Conservation Program will be made on a reimbursement basis after all work has been completed. Because this project is not in the adopted Capital Improvement Program, it is recommended that the City apply for a 100% loan from the Commission at 6% interest to provide the necessary funds for labor and material. Upon completion of the work, the State and Water and Power funds would be used to immediately repay a major portion of the loan. The remainder of the loan would be repaid with energy savings in approximately one year.

The applications for both the grant and loan must include a resolution adopted by the governing body designating an authorized representative to apply for the funds. It is recommended that a resolution be adopted authorizing the City Manager or her designated appointee to apply for available funds.

The Commission's funding programs have placed a burden on LED manufacturers to produce sufficient LEDs in time for installation prior to the June 2001 deadline. As a result, it is necessary that the City order the LEDs as soon as possible to avoid delays in installation.

The Cities of El Cajon and Fountain Valley have already gone through the competitive bid process for LEDs under this program. The low bidder in both cases was Synchronex with identical bids. These Cities awarded contracts to Synchronex in November of 2000.

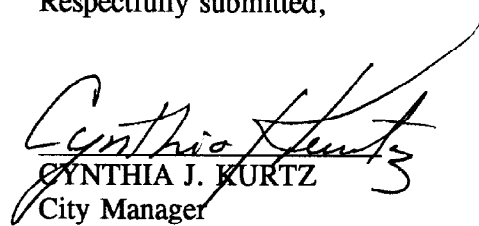
Synchronex is allowing other cities to "piggyback" on those bids. The prices quoted are less than the prices we are paying for the same items. "Piggybacking" on the El Cajon and Fountain Valley bids is permitted by the Commission. Therefore, it is recommended that the Purchasing Administrator be authorized to issue a purchase order to Synchronex in an amount not to exceed \$135,000.00 to provide the LEDs needed for this project at the same unit prices as previously bid to El Cajon and Fountain Valley.

The grant will provide a fixed amount for each LED installed. Staff considered furnishing the LEDs to a contractor, but based on information from Commission staff, the least expensive method of doing this work is installation of city purchased LEDs by City forces. Therefore, the LEDs will be installed using City forces. The grant cannot be used for salaries unless the work is done on overtime.

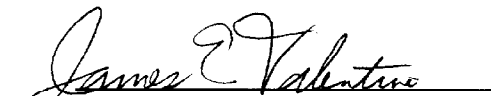
FISCAL IMPACT:

There are currently no funds allocated for this project. A 100% loan will provide the funds necessary to complete the work without the use of any City funds. The Commission grant and Water and Power funds will be used to repay a majority of the funds. The remaining amount will be repaid from the estimated \$38,000 in annual energy savings. Until the loan has been repaid, the amount for energy in the operating budget will not decrease. Once repaid, the energy costs will be reduced by that amount, based on current energy costs.

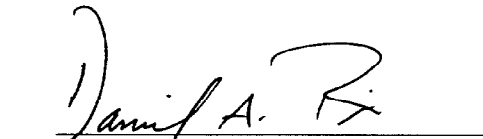
Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

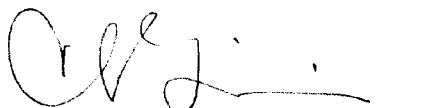
Prepared by:


James E. Valentine
Principal Engineer

Reviewed by:


Daniel A. Rix
City Engineer

Approved by:


C. Bernard Gilpin, Director
Public Works and Transportation

