

Agenda Report

TO: City Council
THROUGH: Deregulation Committee

April 10, 2000

FROM: City Manager

SUBJECT: Public Benefit Charge Programs for Residential/Low Income Customers

RECOMMENDATION

It is recommended that City Council:

- a) Authorize the Purchasing Administrator to issue a Purchase Order Contract to Maytag Appliance Sales Company for the procurement of up to 700 super-energy-efficient refrigerators for a total not to exceed \$350,000. This Purchase Order is exempt from Competitive Bidding pursuant to City Charter Section 1002(H), contracts with other governmental entities or their contractors. It is further recommended that this Purchase Order Contract be granted an exemption from the Competitive Selection Process of the Affirmative Action in Contracting Ordinance pursuant to section 4.09.060 (C), contracts for which the City's best interests are served.

- b) Authorize the Purchasing Administrator to issue purchase orders for Compact Fluorescent Light (CFL) bulbs from Department of Energy (DOE) approved vendors for a total not to exceed \$170,000. These Purchase Orders are exempt from Competitive Bidding pursuant to City Charter Section 1002(H), contracts with other governmental entities or their contractors. It is further recommended that these Purchase Order Contracts be granted an exemption from the Competitive Selection Process of the Affirmative Action in Contracting Ordinance pursuant to section 4.09.060 (C), contracts for which the City's best interests are served.

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- c) Authorize the General Manager of the Water and Power Department (Department) to increase the existing contract with Appliance Recycling Centers of America (ARCA) for the warehousing, delivery and installation of an additional 700 super-energy-efficient refrigerators and for the recycling of an additional 700 refrigerators, for a total of 1000 refrigerators respectively. An additional amount of \$170,000 is required to fund this work performed by ARCA. The new total contract shall not exceed \$240,000.
- d) Authorize the General Manager of the Department to enter into a contract with Nexus, Inc. for a not to exceed amount of \$100,000 to supply "Energy Smart Software" to be used for increasing residents' energy conservation awareness and conducting in-home self energy audits.

It is further recommended that the City Council grant this contract an exemption from the competitive selection process of the Affirmative Action Action in Contracting Ordinance, pursuant to section 4.09.060 [C], contracts for which the City's best interest are served.

BACKGROUND

The Department completed Phase I of its distribution of super-energy-efficient refrigerators and Compact Fluorescent Light bulbs in January 2000. This agenda report seeks the appropriate approvals to implement Phase II of these two important programs aimed at delivering significant benefits to the Department's low-income electric customers.

Super-Energy-Efficient Refrigerator Replacement Program:

Under Phase II of this program, the Department will furnish 700 new 19 cubic foot, super-energy-efficient refrigerators to low-income electric customers on a first come basis in exchange for their existing refrigerator. The super-energy-efficient replacement model consumes approximately 485 kilowatt-hours. The Department estimates this program will reduce a low-income customer's annual electric bill up to \$150 depending on the age of the customer's existing refrigerator. The less efficient refrigerators replaced under this program will be disposed of through an environmentally sound process to ensure that they are not returned to the market for resale.

The Department will utilize an existing agreement between the Los Angeles Department of Water and Power (LADWP) and Maytag to purchase the super-energy-efficient refrigerators. LADWP selected Maytag as the supplier of 19 cubic foot super-energy-efficient refrigerators for their Refrigerator Replacement Program through a competitive procurement process. The Agreement between LADWP and Maytag allows other government entities to purchase these refrigerators at \$495 each. In addition to the purchase price, the Department, when purchasing refrigerators from Maytag, must also pay applicable taxes, shipping costs, and any seasonal adjustments.

ARCA will warehouse, deliver and install the super-energy-efficient refrigerators, and remove and recycle the refrigerators being replaced.

The Department will launch Phase II of the Refrigerator Replacement Program in April 2000.

Compact Fluorescent Lamps:

Under Phase II of this PBC program, the Department will furnish CFL bulbs to low-income, residential and small business customer segments. CFL bulbs are energy efficient and long lasting, and they fit most incandescent fixtures. The CFL's will consist of 15-watt and 23-watt CFL bulbs that will provide the same light intensity as a 60-watt and a 100-watt incandescent light bulb they replace. If three 15-watt and three 23-watt CFL's were used an average of two hours per day each, a customer would use approximately 270 fewer kilowatt-hours annually. Based on this usage, PWP estimates the customer would save approximately \$30 annually on their electric bill.

The Department will purchase the CFL bulbs from vendors already qualified by the DOE to supply small-dimensioned screw-base CFL's on a nationwide basis. These CFL's incorporate advanced design features and efficiencies. Vendors have been selected under a Request for Proposal process and have signed a Basic Ordering Agreement, agreeing to specific prices, terms and conditions.

Distribution of the CFL bulbs and associated energy efficiency educational materials is planned to commence in April 2000.

Energy Smart Software:

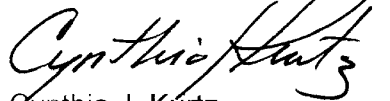
The Department's staff currently conduct in-home energy audits with the assistance of outside consultants. The Energy Smart Software program will

augment PWP's current popular in-home energy audit program. Furnishing residential customers with this user-friendly software will enable customers to gain valuable knowledge and learn how to use energy more efficiently. The Energy Smart Software provides the customer with a step-by-step guide to help him/her conduct a self in-home energy audit. The results of the self energy audit will indicate where the customer can save on their electric bill by reducing their energy consumption and compute the payback on the purchase of more energy efficient appliances, air-conditioning equipment, lighting enhancements, insulation, weather stripping, etc. Under this program, PWP will furnish residential customers with a Compact Disc (CD) containing the self energy software plus easy to understand instructions on its use. The cost per CD is \$10.

FISCAL IMPACT

The total cost of the Super-Energy-Efficient Refrigerator, Compact Fluorescent Light and Energy Smart Software programs is \$790,000 and will be funded through established Public Benefit Charge fund. The current balance of the PBC fund is \$4.3 million, leaving a balance of \$3.51 million.

Respectfully submitted,



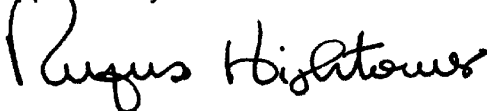
Cynthia J. Kurtz
City Manager

Prepared by:



Donald M. Pappe
Business Unit Director
Customer Care Services

Approved by:



Rufus Hightower
General Manager
Water and Power Department