

Agenda Report

TO: CITY COUNCIL

October 18, 1999

FROM: CITY MANAGER

SUBJECT: Public Benefit Charge Programs for 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 300 super-energy-efficient refrigerators for a total not to exceed \$170,000. 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.
- c) Authorize the General Manager of the Pasadena Water and Power Department (Department) to enter into contract with Appliance Recycling Centers of America (ARCA) for the warehousing, delivery and installation of up to 300 super-energy-efficient refrigerators, and for the recycling of

300 refrigerators for an amount not to exceed \$70,000. The proposed contract is exempt from Competitive Bidding, pursuant to City Charter Section 1002(F) contracts for professional or unique services. It is further recommended that this 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.

BACKGROUND

On March 1, 1999, the City Council approved the reallocation of funds for the various Public Benefits Charge (PBC) Programs. This agenda report seeks the appropriate approvals to implement two important programs aimed at delivering significant benefits to the low-income electric customers of the Department.

Super-Energy-Efficient Refrigerator Replacement Program:

Under this program, the Department will furnish a new 19 cubic foot, super-energy-efficient refrigerator 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 refrigerator. The less efficient refrigerators replaced under this program will be disposed of through an environmentally sound process to ensure that it is 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 refrigerator. 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 \$456 each. In addition to the purchase price, the Department, when purchasing refrigerators from Maytag, must also pay all applicable taxes, shipping costs, and any seasonal adjustments.

Appliance Recycling Centers of America (ARCA) will warehouse, deliver, install the super-efficient refrigerator, and remove and recycle the refrigerators being replaced.

October 18, 1999

Page 3

The Department currently contracts with ARCA to pick up unused refrigerators from customers and to return them to its recycling center in Compton, California. The proposed contract will involve additional services from ARCA. It has been determined that because of ARCA's current contract with the Department and the uniqueness of the service they provide, that it is in the best interests of the City to contract with ARCA. ARCA has performed the current refrigerator recycling services to the satisfaction of the City and is highly qualified as a recycling center in Los Angeles County with advanced proven processes to recycle refrigerators in a sound and environmental manner. The Department proposes to expand ARCA's scope of work to include the warehousing, the delivery, and installation of the new refrigerators to Department low-income electric customers. ARCA will also be responsible for scheduling the deliveries and installations.

The Department will launch the refrigerator replacement program in December 1999.

Compact Fluorescent Lamps:

Under this PBC program, the Department will furnish six (6) CFL bulbs to all qualified low-income customers. CFL bulbs are energy efficient and long lasting, and they fit most incandescent fixtures. The package of six CFL's will consist of three 15-watt and three 23-watt CFL bulbs that will provide the same light intensity as three 60-watt and three 100-watt incandescent light bulbs they replace. If the CFL's are used an average of two hours per day each, a low-income customer would use approximately 270 less kilowatt-hours annually. Based on this usage, the Department estimates that low-income customers would save approximately \$30 annually on their electric bill.

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

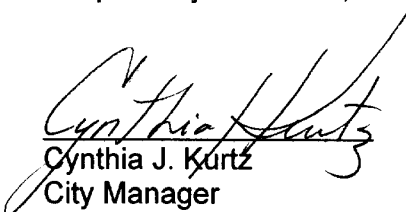
Distribution of the CFL bulbs and associated energy efficiency educational materials is planned to commence in November 1999.

October 18, 1999
Page 4


FISCAL IMPACT

The costs of the Super-Energy-Efficient Refrigerator and Compact Fluorescent Light programs will be covered by the Public Benefit Charge fund. Expenditures for these and other Public Benefit programs are reflected in the Department's approved 2000 Fiscal Year budget.

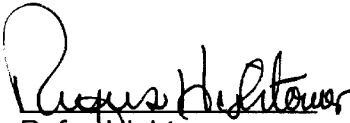
Respectfully submitted,


Cynthia J. Kurtz
City Manager

Prepared by:


Donald M Pappe
Director of Customer Care Services

Approved by:


Rufus Hightower
General Manager