

SST Program - Program Review

Objectives:

- Reduce energy consumption and costs
- Improve facility performance and comfort
- Improve infrastructure reduce maintenance demands
- Advance Climate Action Goals (GHG/CO₂)
- Leverage cost savings to fund the projects
- 7-7-20 Council authorized a contract with PG&E for Phase 1 ECMs

SST Program - Phase 2 Project Review

ECM ID	ECM Description	Costs	Savings Utility	Savings O&M	Total Operating Cost Reduction
5	HVAC Unit Upgrades	\$ 1,497,940	\$ 29,603	\$ 34,003	\$ 63,606
6	Solar PV - MSC Parkingport - 290kW	\$ 1,014,141	\$ 84,761		\$ 84,761
7	Solar PV - WWTP - 1MWAC Single Axis (Replace)	\$ 5,267,116	\$ 320,762		\$ 320,762
8	Solar PV - 738 kW Single Axis RESBCT	\$ 3,220,399	\$ 168,824		\$ 168,824
9	Irrigation Control System Design Development	\$ 38,292			
		\$ 11,037,888	\$ 603,950	\$ 34,003	\$ 637,953

SST Program - Phase 2 External Financing Option

Bidder	Bank of America			Rice Capital			Prime Capital			Sterling National Bank		
	1	2	3	1	2	3	1	2	3	1	2	3
Option												
Annual Interest Rate %	1.570%	1.640%	1.720%	3.169%	3.348%	2.696%	1.980%	1.980%	1.980%	2.030%	2.030%	2.030%
Term (months)	120	120	120	102	162	222	120	120	120	120	120	120
Project Value	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640	10,949,640
Down Payment by City	-	5,455,322	8,566,464	-	-	-	-	5,455,322	8,566,464	-	5,455,322	8,566,464
Lender Fees						209,496						
Total Financed Amount	10,949,640	5,494,318	2,383,176	10,949,640	10,949,640	11,159,136	10,949,640	5,494,318	2,383,176	10,949,640	5,494,318	2,383,176
Total Interest	1,008,843	527,532	240,409	2,016,217	3,185,443	3,397,515	1,283,712	644,142	279,398	1,317,581	661,136	284,867
Total Cost	11,958,483	6,021,850	2,623,585	12,965,857	14,135,083	14,556,651	12,233,352	6,138,460	2,662,574	12,267,221	6,155,454	2,668,043
Included Draft Contract?	Yes			Yes			Yes			No; term sheet only		
	Subject to credit approval.						Subject to credit approval			Subject to credit approval.		
Notes	Rates valid to 05/25/21			Rates valid for 60 days from 05/14/21			Rates valid for 60 days from 05/14/21			Rates locked until close		
				Bid was not compliant with RFP			Offered 15 year option @ 2.42%					

Color Codes

Option 1 - Zero down payment by City

Option 2 - \$5.455 million down payment by City

Option 3 - \$8.566 million down payment by City

Elements of bid that did not comply with RFP

SST Program - Phase 2 Internal Financing Recommendation

Recommendation: Internal financing using reserve fund balances

Total Phase 2 cost is \$11,037,887 with a projected savings of \$637,953 in annual utility and O&M costs.

- \$8,487,515 funded with Sewer Reserve F851 (\$16,600,000 balance)
- \$2,550,372 funded with Workers Compensation Reserve Fund F901 (\$5,280,000 balance)

The General Fund will repay the Workers Compensation Reserve Fund over a five-year period from estimated annual utility savings resulting from the improvements. The repayment will include principal plus interest at the City's pooled investment rate.