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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: DEPARTMENT OF FACILITIES MANAGEMENT

SUBMITTAL DATE:
May 4, 2004

SUBJECT: AWARD OF ENERGY CONSERVATION PROGRAM -PUBLIC HEARING

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Energy Conservation Program as described herein, with a project budget of \$6,484,973;
2. Adopt RESOLUTION NO. 2004-245, RESOLUTION APPROVING CERTAIN ENERGY CONSERVATION MEASURES, AUTHORIZING THE EXECUTION OF AGREEMENTS, SIGNATORIES, AND OTHER DETERMINATIONS IN CONNECTION THEREWITH;
3. Approve the attached agreements consisting of an installation agreement and a service agreement with Southland Industries, Inc. and authorize the Chairperson to execute the agreements on behalf of the County;
4. Approve the attached financing documents in substantial final form consisting of a lease agreement with option to purchase and an escrow agreement with Municipal Finance Corporation and authorize the Chairperson to execute the agreements on behalf of the County.

Michael J. Sylvester
 MICHAEL J. SYLVESTER, Director

APPROVED AS TO FORM.
 MAY 11 2004
 J. M. [Signature]
 DEPUTY COUNTY CLERK

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Cost:	\$ 700,000	For Fiscal Year:	03-04

SOURCE OF FUNDS: Energy savings generated by the Energy Conservation Program	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature *[Signature]*

Consent
 Policy
 Consent
 Policy
 Dept's Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: | District: 3 | Agenda Number:

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

9.2

BACKGROUND:

Chapter 3.2 of Division 5, of Title 1 of the Government Code (the "Code"), Section 4217.10 et seq., Energy Conservation Contracts, allows local governments to develop certain energy conservation programs at the facilities of public agencies and provides the authority to finance such programs.

Pursuant to these sections of the Code, the County has successfully undertaken three previous energy conservation projects. The three projects totaling \$19.5 million, included 92 County-owned facilities and encompassed various Energy Conservation Measures (ECMs) such as replacement of lights and ballasts, HVAC modifications, re-glazing, reproofing, thermal energy storage, new cooling towers, and chillers.

Energy performance contracts afford the County the opportunity to make major system changes and immediately take advantage of the improved energy efficiency at County facilities and the benefits they provide. There is no additional cost to the General Fund, and the financing is paid through utility savings and capital cost avoidance. In addition, the previous contracts have realized approximately \$800,000 in rebates and incentives and have eliminated approximately \$1,000,000 of project costs in the County's Deferred Maintenance Plan.

As a result of the savings achieved by previous ECMs, the department proposes the construction of a cogeneration plant for the South West Justice Center Campus. In FY 03/04 (and projected for FY 04/05) the total energy consumption costs for the South West Justice Center Complex is about \$2 million annually, which is the amount budgeted each year for that complex and represents approximately 11 percent of the countywide utility budget. When the project is brought on-line (anticipated FY 05/06), Facilities Management will continue to budget approximately \$2 million for energy costs for the project. However, about \$700,000 of that amount will go toward debt payments for the new cogeneration plant, and \$1.3 million will be allocated for energy usage for the complex annually. While, in round numbers, the project will continue to require annual budget amounts of about \$2 million for the next ten years, by the 11th year, it is anticipated the capital cost (debt payments) of the cogeneration facility will be retired, and there will be an annual savings thereafter of about \$700,000. In summary, the department's utility budget will realize the energy savings and that savings will pay for the debt service on the project. There will be no additional cost to the general fund for this project.

The proposed project entails the design and construction of a new cogeneration plant inclusive of generators and support equipment, chiller, cooling tower, pumps, and electrical equipment and associated civil construction required to support the defined generation of power and chilled water. It also includes upgrades to the existing central plant systems. The project consists of the following elements:

1. Generators:

This consists of installing two (2) new 750KW co-generation units to provide 1,500 kW of electricity to the central plant building, Main Court House, Jail buildings, and Juvenile Hall Building. The heat generated by the co-generation system will be converted to heating hot water through a plate and frame heat exchanger and to chilled water via an absorption chiller. The heating hot water will feed the existing hot water plant and the chilled water will serve the existing chilled water system.

2
3 RESOLUTION NO. 2004-245

4 RESOLUTION APPROVING CERTAIN ENERGY CONSERVATION
5 MEASURES AUTHORIZING THE EXECUTION OF AGREEMENTS,
6 SIGNATORIES AND MAKING OTHER DETERMINATIONS IN
7 CONNECTION THEREWITH

8 WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the
9 "County") is authorized pursuant to Section 4217.10 *et seq.* of the California Government Code
10 (respectfully, the "Chapter 3.2" and the "Code") to enter into energy conservation contracts
11 pursuant to which the County may acquire and finance equipment and services to reduce
12 energy use or to make more efficient use of energy; and

13 WHEREAS, pursuant to the Chapter 3.2, the County proposes to enter into an Energy
14 Retrofit and Facility Modernization Agreement (the "Agreement") with Southland Industries,
15 Inc., a California corporation ("Southland") for the design and construction of a cogeneration
16 plant and upgrades to existing HVAC at the Southwest Justice Center Campus (respectively,
17 the "Project" and the "Project Site") and the servicing of the Project to guarantee specified
18 performance levels and energy savings; and

19 WHEREAS, LaSalle Bank National Association (the "Lessor") has proposed to enter
20 into an Equipment Lease/Purchase Agreement (the "Lease/Purchase Agreement") and a
21 companion Escrow Agreement (the "Escrow Agreement") with the County, as "Lessee," in
22 order to provide financing for the Project; and

23 WHEREAS, notice of the public hearing with regard to the consideration of the
24 Agreement and the Project was published in *The Press-Enterprise* on May 11, 2004 consistent
25 with the terms of Chapter 3.2;

26 NOW, THEREFORE BE IT FOUND, DETERMINED ORDERED AND RESOLVED by
27 the Board of Supervisors of the County of Riverside in regular session assemble as follows:

28 Section 1. The Recitals are true and accurate statements of fact.

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1 Section 2. The Board, consistent with the provisions of Section 4217.3 of the Code,
2 makes the following determinations:

3 (a) The anticipated cost to the County of "conservation services" as said term is
4 defined in Section 4217.11(c) of the Code and as provided for by the Agreement, will be less
5 than the anticipated marginal cost to the County of thermal, electrical or other energy that
6 would have been consumed by the County at the Project Site in absence of the Project.

7 (b) The difference between the fair rental value of the personal property that is the
8 subject of the Lease/Purchase Agreement is and the agreed rent is anticipated to be offset by
9 savings in energy costs realized from the Agreement.

10 (c) Funds for the payment of amounts due under the Lease/Purchase Agreement
11 are projected to be available from revenues which otherwise would have been used for
12 purchase of energy required by the County at the Project Site in the absence of the Project.

13 Section 3. The form the Agreement by and between Southland and the County, the
14 Lease/Purchase Agreement by and between the Lessor and the County and the Escrow
15 Agreement by and among the Lessor, the County and LaSalle Bank National Association as
16 escrow agent, are hereby approved and the Chairman of the Board and the Clerk of the Board
17 are hereby authorized and directed on behalf of the County and in its name to execute and
18 deliver the Agreement, the Lease/Purchase Agreement and the Escrow Agreement in the form
19 so approved , with such additions thereto and changes therein as are necessary to insure the
20 completion and financing of the Project. Approval of such additions and changes shall be
21 conclusively evidenced by the execution and delivery of said Agreements.

22 The Director of Facilities Management, or his/her designee, is hereby authorized to take
23 all action necessary or reasonably required by the Agreement to carry out, give effect to and
24 consummate the purpose and intent of the Agreement and to execute on behalf of the County
25 those notices, requisitions, etc. as required pursuant to the terms of the Agreement.

26 The County Executive Officer, or his/her designee, is hereby authorized to take all
27 action necessary or reasonably required by the Lease/Purchase Agreement and the Escrow
28 Agreement to carry out, give effect to and consummate the purpose and intent of said

1 Agreements and to execute on behalf of the County those notices, requisitions, etc. as
2 required by the terms of said Agreements.

3 Section 4. The Chairman, the Clerk of the Board the County Executive Officer, the
4 Director of Facilities Management, and the officers and staff of said departments are hereby
5 authorized and directed to take such actions and execute and deliver such documents,
6 instruments and certificates as are deem necessary or advisable to accomplish the purposes
7 of this Resolution.

8 Section 5. All actions heretofore taken by the County in connection with the Project and
9 the financing of the Project that are not inconsistent with this Resolution are hereby approved,
10 ratified and confirmed.

11 Section 6. This Resolution shall take effect immediately upon its adoption.

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1 This Resolution was adopted by the following vote of the Board of Supervisors of the County of
2 Riverside, at a regular meeting thereof duly called, noticed and held on May 25, 2004:

3 AYES:

4 NOES:

5 ABSENT

6 ABSTAINED

7 COUNTY OF RIVERSIDE

8
9 BY: _____
Chairman, Board of Supervisors

10 ATTEST

11 NANCY ROMERO
12 Clerk of the Board of Supervisors

13
14 By: _____
15 Deputy