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

211



**FROM:** DEPARTMENT OF FACILITIES MANAGEMENT and the  
RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

**SUBMITTAL DATE:**  
June 7, 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 \$8,362,748;
2. Adopt RESOLUTION NO. 2004-291, 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; and,
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.

Reviewed by  
CIP TEAM

*Michael J. Sylvester*  
MICHAEL J. SYLVESTER, Director  
Department of Facilities Management

*Douglas W. Bagley*  
DOUGLAS BAGLEY, Hospital Administrator  
Riverside County Regional Medical Center

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	
	Annual Cost:	\$ 1,189,743	For Fiscal Year:

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

**C.E.O. RECOMMENDATION:**  
**APPROVE**

*Lisa Brandl*

County Executive Office Signature

Consent  
 Policy  
 Per Exec. Ofc.:  
 Policy

Prev. Agn. Ref.: \_\_\_\_\_ | District: 5th | Agenda Number: \_\_\_\_\_

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

9.9

**Form 11: AWARD OF ENERGY CONSERVATION PROGRAM**

**May 4, 2004**

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**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, reroofing, 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 Riverside County Regional Medical Center. In FY 03/04 (and projected for FY 04/05) the total energy consumption costs for the Riverside County Regional Medical Center (RCRMC) is about \$3 million annually. When the project is brought on-line (anticipated FY 05/06), RCRMC will continue to budget approximately \$3 million for energy costs for the project. However, about \$1.2 million of that amount will go toward debt payments for the new cogeneration plant, and \$1.8 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 \$3 million for the next eight years, by the ninth 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 \$1,400,000 annually. 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 upgrades, cooling tower, pumps, 10,000 ton hour chilled water thermal storage system, 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 Riverside County Regional Medical Center. The heat generated by the co-generation system will be converted to heating hot water through a plate and frame heat. The heating hot water will feed the existing hot water plant.

2. Chilled Water System Upgrade:  
This consists of installing two (2) new York Variable Frequency Drives (VFD's) for two existing chillers in the existing central plant, One 5 ton fan coil cooling unit within existing chiller plant adjacent to the existing VFD units and Re-balance existing heating hot water and chilled water flow at the main air handling unit coils only. This scope excludes balancing of distributed chilled or heating hot water.
3. Selected Air Balance at Existing Hospital:  
This consists of an allowance to provide 480 hours of balance technician time to be used for selective air balance of problem areas at the direction of the facility staff. Hours used will be signed for daily by the hospital representative.
4. Cooling Tower Upgrade:  
Provide and install (1) new cooling tower cell to be located adjacent to existing cells on the existing piers. New cell will include VFD. Provide new piping connected to existing pipe stub ups and (1) new pump to support the new cooling tower cell and Replace existing corroded electrical conduit mounted directly on existing cooling towers in the exposed wet basin area. The conduit and wire running to the (3) existing tower fan motors and (3) existing condenser water control valves will be relocated to run on the towers above the water exposure line and on the outside of the basin curb.
5. Building Automation System Upgrade:  
Provide and install a firmware upgrades for field 24 control panels. New control and monitoring points for new equipment. Two Apogee Revision 3.5 software packages for (2) operator workstation locations. Three year compete service package

The project cost is set at \$8,362,748 including a rebate from Southern California Edison in the amount of \$739,000. The total financed projects cost will be \$8,362,748 and the rebate will be applied towards the debt service.

The agreements have been approved as to form by County Counsel, reviewed by Risk Management and private financing approved by the Debt Advisory Committee.

The lease agreement and payoff of the existing energy lease agreement is summarized below:

Lesser:	LaSalle National Leasing Corporation 135 South LaSalle Street, Suite 545 Chicago, IL 60603
Lessee:	County of Riverside

Complete turnkey modernization project which includes HVAC systems, control systems, absorber, and Co-Generation systems.

Equipment Cost:	<u>\$8,362,748</u>
Total Financed Amount	\$8,362,748
Southern California Edison Rebate	\$ 739,000
Estimated Energy Savings:	\$1,400,000
Total Annual Debt Payment:	\$1,189,743
Term:	8 .75 years
Interest Rate:	4.65% Annual

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3 **RESOLUTION NO. 2004-291**

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

7 WHEREAS, the Board of Supervisors (the "Board") of the County of Riverside (the "County") is  
8 authorized pursuant to Section 4217.10 through 4217.18 of the California Government Code  
9 (respectfully, the "Act" and the "Code") to enter into energy conservation contracts pursuant to which  
10 the County may acquire and finances equipment and services to reduce energy use or to make more  
11 efficient use of energy; and

12 WHEREAS, pursuant to the Act, the County proposes to enter into an Installation Agreement  
13 (the "Agreement") and a Support Services and Savings Guarantee Agreement (the "Services  
14 Agreement") with Southland Industries. ("Southland") for the acquisition and installation of a  
15 mechanical retrofit and energy management project (the "Project") and the servicing of the Project;  
16 and

17 WHEREAS, LaSalle National Leasing Corporation (the "Lessor") has proposed to enter into a  
18 Equipment Lease-Purchase Agreement (the "Lease/ Purchase Agreement") and a companion Escrow  
19 Agreement (the "Escrow Agreement") with the County, as "Lessee", in order to provide financing for  
20 the Project; and

21 WHEREAS, notice of public hearing with regard to the consideration of the Agreement and the  
22 Project was published in *The Press-Enterprise* on June 21, 2004, consistent with the terms of Chapter  
23 3.2;

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

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

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

- 3           (a)     The anticipated cost to the County for "Conservation Services" as defined in Section  
4                   4217.11 (C) of the Code and as provided for by the Agreement, the Lease Agreement  
5                   and the Project will be less than the anticipated marginal cost to the County of thermal,  
6                   electrical or other energy that that would have been consumed by the County in  
7                   absence of the Project.
- 8           (b)     The difference between the fair rental value of the personal property that is the subject  
9                   of the Lease/ Purchase Agreement and is the agreed rent is anticipated to be offset by  
10                  the savings in energy costs realized from the Agreement.
- 11          (c)     Funds for the payment of amounts due under the Lease/ Purchase Agreement are  
12                  projected to be available from revenues which otherwise would have been used for  
13                  purchase of energy required by the County at the project site in the absence of the  
14                  Project.

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

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

3 The County Executive Officer, or his/her designee, is hereby authorized to take all action  
4 necessary or reasonably required by the Lease/Purchase Agreement and the Escrow Agreement to  
5 carry out, give effect to and consummate the purpose and intent of said agreements administer and to  
6 execute on behalf of the County those notices, requisitions, etc. necessary to implement said  
7 Agreements.

8 Section 4. The Chairman, the Clerk of the Board, the County Executive Office, The  
9 Director of Facilities Management, and officers and staff of said departments are hereby authorized  
10 and directed to take such actions and execute and deliver documents, instruments and certificates as  
11 they may deem necessary or advisable in order to accomplish the purposes of this Resolution.

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

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

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