



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of August 14, 2018

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager

SUBJECT: Approve Professional Services Agreement with Rising Sun Energy Center to Provide Energy Efficiency Program in former HMU Service Area and Appropriate \$150,930.

RECOMMENDED ACTION: Adopt a Resolution Approving Professional Services Agreement with Rising Sun Energy Center to Provide Energy Efficiency Programs in former HMU Service Area and Appropriate \$150,930 in General Fund Designated Fund Balance

FISCAL IMPACT OF RECOMMENDATION: The last element of the close out of the former City owned and operated Hercules Municipal Utility (HMU) is a requirement to use a designated portion of the proceeds from the sale of HMU to provide energy efficiency programs intended to reduce greenhouse gases in order to benefit the former ratepayers. Decision Package 17-9 (Former HMU Customer Light Exchange) designated the final remaining \$150,930 in HMU sales proceeds for this effort and designated the General Fund Balance for said purpose. This designated portion of the General Fund Balance now needs to be formally appropriated by the Council for this purpose.

DISCUSSION: The City sold the Hercules Municipal Utility in 2014. Proceeds of the sale were applied to a variety of obligations and since that time, there has been an amount of money remaining which needs to provide benefit to the former ratepayers in the form of energy efficiency programs. While it was initially contemplated that these funds could be returned to ratepayers for this purpose, the City no longer has a billing relationship with these ratepayers. Therefore, an alternative approach was developed to implement a lighting exchange program for homeowners in the former HMU service area. That concept was formalized in Decision Package 17-9, which the City Council approved as part of the 2016/17 annual budget.

Since that time, staff has been working to find a possible partner to implement the desired energy efficiency programs. Outreach was undertaken including contacting PG &E for any service providers with whom they worked. One of the providers identified was an East Bay non-profit called the Rising Sun Energy Center which undertakes energy efficiency programs in conjunction with job training for young people. Staff met with Executive Director of Rising Sun and her senior staff to explore the possibility of working together. Rising Sun has significant experience in energy efficiency and in

working with cities. After initial discussions regarding the City's needs, Rising Sun submitted a proposal to utilize the available HMU funding and to assist the City in closing out this remaining HMU obligation.

Rising Sun's proposal is included as an attachment to the Professional Services Agreement. Assuming the recommend professional services agreement (Attachment 2) is approved, over the course of the fall, Rising Sun will do outreach and provide energy efficiency kits including holiday lights to 400 households in the former HMU service area. The program will be marketed to HMU service area households and kits will be provided to the first 400 eligible homeowners. The program has been designed and scaled to fully utilize the \$150,930 required to be spent on this type of program. Additional information on Rising Sun can be found in their 2017 Annual Report (Attachment 3).

ATTACHMENTS:

1. Resolution
2. Professional Services Agreement
3. Rising Sun Annual Report

<i>Financial Impact</i>			
Description:			
Funding Source:			
Budget Recap:			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			