

**RESOLUTION NO. 2021-089**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, MAKING FINDINGS ON ENERGY SAVINGS UNDER CALIFORNIA GOVERNMENT CODE SECTION 4217.10 ET SEQ. AND DETERMINING OTHER MATTERS IN CONNECTION WITH A MAINTENANCE/GENERAL SERVICES AGREEMENT AND MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**WHEREAS**, it is the policy of the State of California and the intent of the State Legislature to promote all feasible means of energy conservation and all feasible uses of alternative energy supply sources; and

**WHEREAS**, California Government Code Section 4217.10 *et seq.* authorizes a public agency to utilize any procurement process, such as a cooperative purchasing schedule, to contract for energy services if its government determines, at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, that the anticipated cost to the agency for the energy services project will be less than the anticipated marginal cost to the agency of electrical energy that would have been consumed by the agency in the absence of the energy services contract; and

**WHEREAS**, the City of Corona (“City”) desires to reduce the steadily rising costs of meeting the energy needs at its facilities; and

**WHEREAS**, THE City proposes to enter into a maintenance/general services agreement and related contract documents (“Maintenance/General Services Agreement”) with Facility Solutions Group (“Contractor”), pursuant to which Contractor will design, construct, and install specified energy conservation measures, which will reduce the cost of energy through the installation of energy efficient fixtures and improvements (“Project”); and

**WHEREAS**, the site where the Project will be located is City Hall; and

**WHEREAS**, Southern California Regional Energy Network (“SoCalREN”) provided the City with analysis showing the benefits of implementing certain energy conservation measures through various energy conservation measures (“Analysis”), which is attached hereto as Exhibit A and made part hereof by this reference; and

**WHEREAS**, the Analysis includes data showing that the anticipated cost to the City for the electrical energy provided by the Project will be less than the anticipated cost to the City of electrical and other energy that would have been consumed by the City in the absence of such measures; and

**WHEREAS**, the City Council desires to enter into the Maintenance/General Services Agreement substantially in the form presented at this meeting, subject to such changes, insertions or omissions as the City Attorney or his or her designee, reasonably deems necessary following the Council's adoption of this Resolution; and

**WHEREAS**, in accordance with Government Code section 4217.10 *et seq.*, on July 7, 2021, the City published notice of a public hearing at which the City Council would consider this Resolution; and

**WHEREAS**, the City's proposed approval of the Maintenance/General Services Agreement is a "Project" for purposes of the California Environmental Quality Act ("CEQA"); and

**WHEREAS**, the Guidelines for CEQA, California Code of Regulations Title 14, Chapter 13 ("State CEQA Guidelines"), exempt certain projects from further CEQA evaluation; and

**WHEREAS**, the City has reviewed the proposed Project and has determined that it is exempt from the provisions of CEQA pursuant to the State CEQA Guidelines and that no exceptions to the exemption apply.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:**

**SECTION 1.** Per California Government Code section 4217.10 *et seq.*, the City Council hereby finds and determines that all of the recitals set forth above are true and correct.

**SECTION 2.** The terms of the Maintenance/General Services Agreement in the form presented at this meeting are in the best interests of the City.

**SECTION 3.** In accordance with Government Code section 4217.12, and based on data provided by the Analysis, the City Council finds the anticipated cost to the City for electrical energy and conservation services provided by the Project will be less than the anticipated marginal cost to the City of electrical and other energy that would have been consumed by the City in the absence of the Project.

**SECTION 4.** The City Council hereby approves award of the Maintenance/General Services Agreement to the Contractor, in accordance with Government Code section 4217.12.

**SECTION 5.** The City Manager, or his or her designee, is hereby authorized and directed to negotiate any further changes, insertions and omissions to the Maintenance/General Services Agreement as are reasonably deemed necessary, and thereafter to execute and deliver the Maintenance/General Services Agreement following the City Council's adoption of this Resolution. The City Manager is further authorized and directed to execute and deliver any and all

papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and said agreements.

**SECTION 6.** The Project is hereby found to be exempt from the requirements of CEQA on multiple grounds, each of which is independently sufficient to exempt the whole of the Project from CEQA, including:

- a. The Project is exempt from CEQA under a Class 1 categorical exemption (14 C.C.R. § 15301) because it involves the minor alteration of existing facilities with improvements that would lead to negligible or no expansion of use beyond the use existing at this time. In all, the Project would result in net environmental benefits by reducing traditional electrical energy consumption of the City. Therefore, the Project would be exempt under a Class 1 exemption.
- b. The Project is also exempt from CEQA under CEQA section 15303 (new construction or conversion of small structures) and CEQA section 15061 (common sense exemption) because the Project involves installation of energy efficient fixtures and improvements at City owned facilities that will benefit the environment by creating more energy efficient facilities.
- c. The Project is also exempt from CEQA because it involves the construction of minor structures accessory to existing facilities. 14 C.C.R. § 15311. As explained above, the Project involves installation of energy efficient fixtures and improvements at City owned facilities.
- d. None of the exceptions to the categorical exemptions apply. 14 C.C.R. § 15300.2. Specifically, the Project is not located in a particularly sensitive environment. The improvements will be installed on existing structures in developed areas. The cumulative impact of successive projects of this same type in the same place over time would not be significant because the facilities are limited in size. As explained above, the Project involves installation of energy efficient fixtures and improvements at City owned facilities. These types of improvements are not unusual. Moreover, the building impacted by the Project is not located within an officially designated state scenic highway. Thus, the Project would not have an impact in this regard. Similarly, the proposed improvements are not located on sites designated pursuant to Government Code section 65962.5. Finally, the Project does not involve any improvements, modifications, or other changes to a historical resource. Therefore, none of the circumstances outlined in Title 14, California Code of Regulations, section 15300.2 apply.

**SECTION 7.** This Resolution shall take effect immediately upon its passage.

**PASSED, APPROVED AND ADOPTED** this 21st day of July, 2021.

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Mayor of the City of Corona, California

**ATTEST:**

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly introduced at a regular meeting of the City Council of the City of Corona, California, duly held the 21<sup>st</sup> day of July, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSTAINED:**

**ABSENT:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 21<sup>st</sup> day of July, 2021.

\_\_\_\_\_  
City Clerk of the City of Corona, California

(SEAL)

**EXHIBIT “A”**

**SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK  
PROJECT PROPOSAL – CORONA CITY HALL WHOLE BUILDING  
JANUARY 1, 2021**

**[SEE ATTACHED THREE (3) PAGES]**

## Project Summary

The City of Corona enrolled with the Los Angeles County Southern California Regional Energy Network (SoCalREN) in December 2015 to take advantage of the no-cost services available to help the agency move energy efficiency projects from conception to completion. Staff expressed a high level of interest in energy efficiency opportunities at City Hall. This Project Proposal summarizes the identified energy efficiency opportunities, proposed project costs, and applicable utility incentives.

Benefits of this project include capturing \$75,910 in potential incentive, receive no-cost management and technical services throughout the project, reduce greenhouse gas-emission equal to taking 70 cars off the road, reduce maintenance costs, and hedge against increasing utility costs.



Estimated Savings  
**\$3,673** per month  
**\$44,073** per year

Estimated Net Cash Flows  
**\$157,847**  
over project lifetime

Simple Payback Period  
**2.0 Years**

Monthly and annual savings include energy and maintenance cost savings

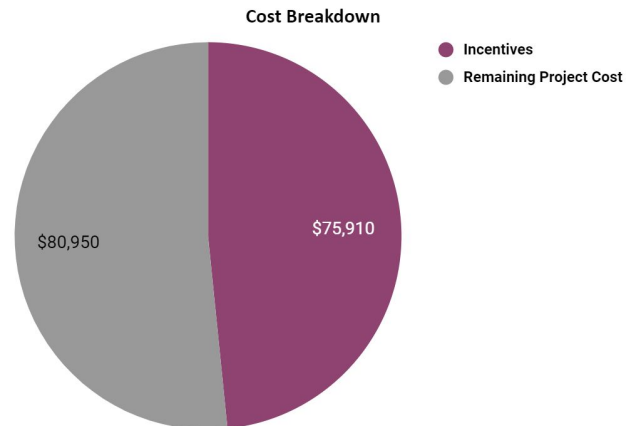
## Project Financials

Project Costs	
Gross Project Cost	\$156,860
Estimated Incentives	\$75,910
Net Project Cost	\$80,950

Additional costs, such as construction management or staff time, are not included in this table. Incentive will be paid out over a 2-year period after the project has been completed.

Project Financial Metrics	
Net Cash Flows	\$157,847
Simple Payback Period (SPP)	2.0 years
Return on Investment (ROI)	1.67

Financial metrics definitions can be found in Appendix A.



Up-front capital requirements are often the greatest obstacle in pursuing energy efficiency retrofit projects. However, by utilizing the estimated \$75,910 in incentives, City of Corona will be left with \$80,950 out-of-pocket cost.

## Energy Savings Measures

Project/ Facility	Energy Efficiency Measure	On-Bill kWh Savings	Gross Project Cost	Estimated SCE Incentive	Additional Funds Required
City Hall	Implement Chilled Water Resets (Automated based on load)	63,650	\$270	\$8,248	\$80,950
	Implement Static Pressure Resets	8,200	\$720	\$1,564	
	Replace Interior T8 Lamps with LED Lamps (4,909)	323,000	\$86,760	\$54,800	
	Implement Lighting Control System	61,750	\$62,906	\$10,600	
	Repair Ductwork on Roof	1,000	\$720	\$143	
	Replace 900W Interior Lighting with LED Lighting (8)	2,290	\$5,484	\$555	
Totals		459,890	\$156,860	\$75,910	\$80,950

## Cash Flow Analysis

The projected annual net cash flow for the Corona City Hall Whole Building project is outlined below.

Year	Incentives & Financing	Est. Utility Savings	Est. Maintenance Savings	Total Cash Inflows	Total Cash Outflows	Net Cash Flows
0	\$30,364			\$30,364	(\$156,860)	(\$126,496)
1	\$30,364	\$39,367	\$4,706	\$74,436	\$0	\$74,436
2	\$15,182	\$40,941	\$4,861	\$60,984	\$0	\$60,984
3		\$42,579	\$5,022	\$47,601	\$0	\$47,601
4		\$43,495	\$5,163	\$48,659	\$0	\$48,659
5		\$12,895	\$2,370	\$15,266	\$0	\$15,266
6		\$13,411	\$2,448	\$15,860	\$0	\$15,860
7		\$7,050	\$2,519	\$9,569	\$0	\$9,569
8		\$7,332	\$2,602	\$9,934	\$0	\$9,934
9		\$268	\$213	\$481	\$0	\$481
10		\$279	\$220	\$499	\$0	\$499
11		\$290	\$228	\$517	\$0	\$517
12		\$301	\$235	\$537	\$0	\$537
Totals		\$208,209	\$30,588	\$314,707	(\$156,860)	\$157,847

\*all values are in not in Present Value



## Appendix A: Financial Metrics Definitions

**Gross Project Cost:** the total of all construction costs for each measure including direct labor, materials, equipment, the contractor's adjustment factor and all task order processing fees.

**Net Present Value (NPV):** NPV takes into account the time value of money and indicates what a project's lifetime cash flow is worth today. NPV is determined by taking the sum of the present value of all current and future cash flows, including purchase and installation costs, and future utility and maintenance savings.

**Reimbursable Costs:** Money returned by the utilities after the project has been installed with the Installation Report submitted and approved.

**Simple Payback Period (SPP):** the amount of time required to recover the initial costs of a project from its savings. A simple payback period ignores the time value of money and assumes that future savings occur in even amounts each year. For example, a \$1,000 investment that saves \$500 each year has a two-year simple payback period. A project is economically acceptable if the payback period is less than the length of the project life.

$$SPP = \text{Net Project Cost (\$)} / \text{Annual Savings (\$/yr)}$$

Financing Assumptions	
Discount Rate	2.76%
Utility Escalation Rate for 2021	10%
Utility Escalation Rate for 2022+	4%
Inflation Rate	3%
Maintenance Savings (% of Gross Project Cost)	3%

**Project Lease Interest Rate:** The interest rate used is an indicative rate and does not represent an offer from SoCalREN or its partners. Actual borrowing rate will be determined when a project and financing is approved and will take in to account each agencies credit profile, needs, and financing terms and structure.

Estimates of potential Investor-Owned Utility (IOU) incentives and On-Bill Financing funding values are based on the most up-to-date information available from the corresponding utility. Utilities reserve the right to change and/or terminate funding for Energy Efficiency projects based on evolving priorities as determined by California Public Utilities Commission directives. These changes can happen without notice. Furthermore, errors in submitted documentation, delays in project implementation, and lack of adherence to utility program requirements can all impact the final IOU Incentive and On-Bill Financing values and approvals.