

# LOAN AWARD REQUEST



To: Grants and Loans Office

Date: 10 / 27 / 2011

Project Manager: Elizabeth Shirakh

Phone Number: (916) 654-4089

Office Special Projects

Division: Fuels and Transportation

MS- 42

Project Title: City of Watsonville

### Type of Request: (check one)

**New Agreement:** (include items A - F from below) Agreement Number: Assigned by the G&L Office

Program: ECAA Loan Program

Solicitation Name: City of Watsonville

Legal Name of Recipient: City of Watsonville

Recipient's Full Mailing Address: P.O. Box 50000  
Watsonville, CA 95077

Recipient's Project Officer: Robert Ketley Phone Number: (831) 768-3137 ext.

Email Address dwhite@fairfield.ca.gov

Agreement Start Date: 6 / 30 / 2010 Agreement End Date: 12 / 31 / 2011

Annual Energy Savings: \$ 134,933.00 Total Loan Amount: \$ 756,984.00

Number of Repay Periods: (Leave blank if repay is based on energy savings)

**Amendment :** (Check all that apply) Agreement Number: 011-09-ECA

Term Extension – New End Date: 12 / 31 / 2012

Change of Scope (include items A – G from below, as applicable)

Loan Augmentation: \$

Other: \_\_\_\_\_

### ITEMS TO ATTACH WITH REQUEST:

- A. Loan information including application and budget details.
- B. Recipient Resolution.
- C. Special Conditions, if applicable.
- D. CEQA Compliance Form.
- E. Other Documents as applicable.
  - Copy of Pre-Award Correspondence
  - Copy of All Other Relevant Documents
- F. ECM Codes, if applicable.
- G. Justification for Amendment.
- H. Subcontractor Information

### California Environmental Quality Act (CEQA)

CEC finds, based on recipient's documentation in compliance with CEQA:

Project exempt: Section NOE filed:  / /

Environmental Document prepared: Type NOD filed:  / /

Other: Explain

CEC has made CEQA finding described in CEC-280, attached

### Funding Information:

Source #1: _____	Amount: \$ _____	Statute: _____	FY: _____	Budget List #: _____
Source #2: _____	Amount: \$ 0.00	Statute: _____	FY: _____	Budget List #: _____
Source #3: _____	Amount: \$ 0.00	Statute: _____	FY: _____	Budget List #: _____

**Business Meeting Approval:** (refer to Business Meeting Schedule) Date due to Secretariat:  / /

Proposed Business Meeting Date: 12 / 14 / 2011  Consent  Discussion

Business Meeting Participant: Elizabeth Shirakh Time Needed: (0 minutes)

### Agenda Notice Statement: (This is the description that will appear on the agenda)

Possible approval of a Amendment 1 to loan 011-09-ECA with the City of Watsonville to change the scope and extend the term of the agreement. The City's original loan agreement includes the retrofitting of High Pressure Sodium streetlights with more efficient LED streetlights. Due to lower installation costs and higher utility rebates, the City is requesting approval to add an additional energy efficiency measure to upgrade an aeration blower at the City's wastewater treatment facility. To complete this additional retrofit, the City is also requesting a no-cost time extension until December 31, 2012. This revised scope is technically justified and meets all the requirements of the loan program. The approved loan amount remains unchanged at \$756,984.

# LOAN AWARD REQUEST



Please list all known Subcontractors paid with proceeds connected to the project mentioned above:  
PG&E

\_\_\_\_\_  
Project Manager                      Date                      Office Manager                      Date                      Deputy Director                      Date

\_\_\_\_\_  
Executive Director                      Date                      Presiding Policy Committee                      Date                      Associate Policy Committee                      Date

# Memorandum

To: Robert P. Oglesby  
Executive Director

Date: October 31, 2011

Telephone: (916) 654-4089

From: **California Energy Commission**  
1516 Ninth Street  
Sacramento CA 95814-5512

Subject: STAFF RECOMMENDATION TO APPROVE AMENDMENT 1 UNDER THE ENERGY CONSERVATION ASSISTANCE ACT (ECAA) LOAN (011-09-ECA) WITH THE CITY OF WATSONVILLE TO ADD AN ADDITIONAL PROJECT AND TO PROVIDE A NO-COST TIME EXTENSION FROM DECEMBER 31, 2011 TO DECEMBER 31, 2012.

## Summary of Item

In June 2010, the Energy Commission approved a loan to the City of Watsonville for \$756,984 to retrofit the city's high pressure sodium street lighting system to energy efficient LED street lamps. The city's total project cost was originally estimated at \$892,000, of which \$756,984 would be financed by the Energy Commission's loan. The balance of the project funding would be incentives from the Pacific Gas and Electric Company (PGE).

This street light conversion is estimated to save the city approximately \$78,512 annually in energy costs. LED lamps have approximately three times more life than the existing high pressure sodium lamps and operate at approximately 50% less energy. LED lamps also have much higher light quality due to the white light characteristics of the lamp. This project will reduce the city's maintenance cost, increase system reliability and provide a safer, more cost effective lighting system for pedestrians and drivers.

The estimated total project cost of the streetlight project is now lower at \$853,605. Also, PG&E is providing an estimated \$149,350 in rebates and an additional \$249,970 (0% interest loan) through their On-Bill Financing Program. Therefore, the City of Watsonville would like to utilize the remaining Energy Commission loan balance of \$302,699 to upgrade the aeration blower at the city's Waste Water Treatment Facility. This project will replace the current inefficient aeration blower with a new blower that has superior motor efficiency and variable frequency drive (VFD) capabilities. The total estimated project cost is \$389,007. Again, PG&E is providing the balance, an estimated \$86,308 through their On-Bill Financing Program.

This amendment will also provide a no-cost time extension changing the current ending date from 12/31/2011 to 12/31/2012. The time extension is needed because the City of Watsonville has experienced project delays due to technology analysis and final selection. Concerns with lighting performance on long narrow

stretches of road and the lighting color considerations, delayed the final product selection. This extension will allow Watsonville to complete the LED street lighting project and take advantage of additional energy savings through implementation of the new aeration blower project.

This approved loan amount will remain unchanged at \$756,984.

Justification for Action Requested

In summary, this loan will help the city replace its inefficient street lights citywide and upgrade their aeration blower at the Waste Water Treatment Plan. These two projects are estimated to save approximately \$134,933 annually in reduced energy costs. This loan has a simple payback of 5.6 years. In addition, this retrofit project, when completed, will remove approximately 338,507 pounds a year of harmful carbon dioxide emissions.

Energy Commission staff has determined that the loan request for the City of Watsonville is technically justified and meets all requirements for a loan with the Energy Conservation Assistance Act (ECAA) Funds.

Summary of Amendment

The following table summarizes the project savings, cost and simple payback for the project.

Project & Location	Peak Demand Savings (kW)	Est. Energy Savings (kWh/yr)	Est. Annual Cost Savings	Total Project Cost	PG&E Rebates & Financing	Loan Amount Requested	Simple Payback (years)
LED Street Lights (1,567 City Wide)	0	646,005	\$78,512	\$853,605	\$399,320	\$454,285	5.8*
<i>Aeration blower fan/VFD retrofit. (Waste Water Treatment Plant)</i>	34	296,951	\$56,421	\$389,007	\$86,308	\$302,699	5.4*
<b>TOTALS</b>	34	942,956	\$134,933	\$1,242,612	\$485,628	\$756,984	5.6*

\* Simple payback is based on the loan amount.

The interest rate for the loan is 3 percent.

Robert P. Oglesby  
October 31, 2011  
Page 3

Project Manager

Elizabeth Shirakh, Special Projects Office

Consent Item

Staff will be prepared to respond to questions regarding this amendment.

Business Meeting Participants

Elizabeth Shirakh, Special Projects Office, Fuels and Transportation Division

Commission Action Requested

Approve the amendment and authorize the Executive Director to execute the amended grant documents.

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PAT PEREZ, Deputy Director  
Fuels and Transportation Division



**GRANT/LOAN AMENDMENT**

CEC-140 (Revised 9/11)

CALIFORNIA ENERGY COMMISSION


 Check here if additional pages are attached. 1 Pages

AGREEMENT NUMBER:

011-09-ECA

AMENDMENT NUMBER:

1

1. This Agreement is entered into between the State Agency and the Recipient named below:

STATE AGENCY'S NAME

California Energy Commission

RECIPIENT'S NAME

City of Watsonville

2. The term of this Agreement: From: 6/30/10 To: 12/31/123. The maximum amount of this Agreement after this amendment is: \$ 756,984.00

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

1. Provide a no-cost time extension of the term from 6/30/10-12/31/11 to 6/30/10-12/31/12
2. Replace the Budget Detail/Project Cost and Savings

All other terms and conditions shall remain the same.

## 5. Amendment Amount

Fund Title	Item	Fiscal Year	Chapter	Statute	Amendment Amount
					\$
					\$
					\$
OBJECT CODE	<b>Total</b>				\$ 0.00

I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose stated above.

SIGNATURE OF ACCOUNTING OFFICER

DATE

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

**RECIPIENT**

RECIPIENT'S NAME (If other than an individual, state whether a corporation, partnership, etc)

City of Watsonville

BY (Authorized Signature)

DATE SIGNED (Do not type)

NAME AND TITLE OF PERSON SIGNING

ADDRESS

**STATE OF CALIFORNIA**

AGENCY NAME

California Energy Commission

BY (Authorized Signature)

DATE SIGNED (Do not type)

NAME AND TITLE OF PERSON SIGNING

Mark Hutchison, Deputy Director of Administrative Services

ADDRESS

1516 9th Street, MS-1  
Sacramento, CA 95814

**EXHIBIT A  
ATTACHMENT 1  
BUDGET DETAIL/PROJECT COST AND SAVINGS**

This loan is made to the City of Watsonville (“Borrower”) for an energy savings Project. The Project consists of the energy efficiency measures listed in Table 1 below to be installed city wide and at the Waste Water Treatment Plant in Watsonville, CA.

The Table below summarizes the estimated Project cost(s), saving(s) and simple payback(s) for the Project.

**TABLE 1: Summary of Project Cost and Savings:**

<b>Energy Efficiency Measures</b>	<b>Estimated Total Project Cost</b>	<b>Energy Commission Loan</b>	<b>Estimated Annual Energy Cost Savings</b>	<b>Simple Payback* (Years)</b>
Install 1,567 LED street lights ranging from 25 watts to 136 watts to replace the existing high pressure sodium (HPS) street lights ranging from 85 watts to 293 watts.	\$853,605		\$78,512	
Waste Water Treatment Plant Aeration blower fan (300 hp)/VFD retrofit.	\$389,007		\$56,421	
<b>TOTALS:</b>	<b>\$1,242,612</b>	<b>\$756,984</b>	<b>\$134,933</b>	<b>5.6</b>

\* The simple payback is based on the loan amount.

The Borrower shall implement each measure listed in Table 1.

If Borrower does not complete one or more of the measures or deviates from the quantities and specifications listed in Table 1, the Energy Commission will calculate the maximum loan amount supported by the Project. The loan amount will be determined by the lesser of: 1) multiplying the annual energy cost savings by 11 years; 2) total Project costs; or 3) approved loan amount.

A letter of agreement or loan amendment may be necessary to document these changes, at the discretion of the Energy Commission.

If the Borrower has received disbursements exceeding the maximum loan amount supported by the Project, the Borrower shall refund the difference to the Energy Commission within 30 days of notification.

**LOAN AWARD REQUEST**

CEC-271 (Revised 09/11)

CALIFORNIA ENERGY COMMISSION

To: Grants and Loans OfficeDate: 10 / 27 / 2011Project Manager: Elizabeth ShirakhPhone Number: (916) 654-4089Office Special ProjectsDivision: Fuels and TransportationMS- 42Project Title: City of Watsonville**Type of Request:** *(check one)*

<input type="checkbox"/> <b>New Agreement:</b> <i>(include items A - F from below)</i>	Agreement Number: <u>Assigned by the G&amp;L Office</u>
Program: <u>ECAA Loan Program</u>	
Solicitation Name: <u>City of Watsonville</u>	
Legal Name of Recipient: <u>City of Watsonville</u>	
Recipient's Full Mailing Address: <u>P.O. Box 50000</u> <u>Watsonville, CA 95077</u>	
Recipient's Project Officer: <u>Robert Ketley</u> Phone Number: <u>(831) 768-3137 ext.</u>	
Email Address <u>dwhite@fairfield.ca.gov</u>	
Agreement Start Date: <u>6 / 30 / 2010</u> Agreement End Date: <u>12 / 31 / 2011</u>	
Annual Energy Savings: <u>\$ 134,933.00</u> Total Loan Amount: <u>\$ 756,984.00</u>	
Number of Repay Periods: <u>(Leave blank if repay is based on energy savings)</u>	

<input checked="" type="checkbox"/> <b>Amendment :</b> <i>(Check all that apply)</i>	Agreement Number: <u>011-09-ECA</u>
<input checked="" type="checkbox"/> Term Extension – New End Date: <u>12 / 31 / 2012</u>	
<input checked="" type="checkbox"/> Change of Scope <i>(include items A – G from below, as applicable)</i>	
<input type="checkbox"/> Loan Augmentation: <u>\$</u>	
<input type="checkbox"/> Other: _____	

**ITEMS TO ATTACH WITH REQUEST:**

- |   |  |                                 |
|---|--|---------------------------------|
| A. Loan information including application and budget details. | D. CEQA Compliance Form.               | F. ECM Codes, if applicable.    |
| B. Recipient Resolution.                                      | E. Other Documents as applicable.      | G. Justification for Amendment. |
| C. Special Conditions, if applicable.                         | • Copy of Pre-Award Correspondence     | H. Subcontractor Information    |
|   | • Copy of All Other Relevant Documents |                                 |

**California Environmental Quality Act (CEQA)**

<input type="checkbox"/> CEC finds, based on recipient's documentation in compliance with CEQA:	
<input type="checkbox"/> Project exempt: <u>Section</u>	NOE filed: <u> / /</u>
<input type="checkbox"/> Environmental Document prepared: <u>Type</u>	NOD filed: <u> / /</u>
<input type="checkbox"/> Other: <u>Explain</u>	
<input type="checkbox"/> CEC has made CEQA finding described in CEC-280, attached	

**Funding Information:**

Source #1: _____	Amount: \$ _____	Statute: _____	FY: _____	Budget List #: _____
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<b>Business Meeting Approval:</b> <i>(refer to Business Meeting Schedule)</i>	Date due to Secretariat: <u> / /</u>
Proposed Business Meeting Date: <u>12 / 14 / 2011</u>	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion
Business Meeting Participant: <u>Elizabeth Shirakh</u>	Time Needed: <u>(0 minutes)</u>

**Agenda Notice Statement:** *(This is the description that will appear on the agenda)*

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