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To: Lemoore City Council
From: John Tyler, Administrative Analyst Item #9
Date: April 10, 2007
Subject: Solar Power Proposal: City Facilities

Discussion:

Council will recall that City staff was directed to investigate possible solar power projects, initiatives and impacts for three major areas: 1) new development (residential and commercial), 2) retrofitting of existing development and 3) City facility projects. This report discusses the third group; City facility projects. Staff has been working with Chevron Energy to assess certain municipal projects that could be potentially viable. Ashu Jain from Chevron Energy will be present at the regular meeting to make a presentation on their findings (see attached report).

In short, the proposal encompasses four of our City facilities: Lemoore Municipal Complex, Fire Department Building at 210 Fox Street, City Hall, and Police Department. The project scope goes beyond solar and into energy conservation as well to make the most of efficient technologies and create an entire package. The main portion of the project, however, is a 175 kW solar array on top of the Lemoore Municipal Complex. This installation, along with skylights and retrofitting of existing lighting technology with new, efficient technology will go far in the reduction of power consumption and cost at the LMC facility. This project qualifies for over \$825,000 in rebate incentives over the next five years. The proposal, for financial and practical purposes, also takes into account that we will be replacing the roof of the facility with monies we currently have, and will not be financing that portion of the project. We will likewise be replacing the roof at the Fire Department, simultaneously replacing the Air Conditioning units and old lighting technology. The A/C units will be high efficiency and will also provide a new level of comfort for the employees by creating better air quality inside the building. The proposal also calls for the retrofit of any necessary lighting at the Police Department and City Hall, as well as replacing the A/C units on the roof of City Hall.

Budget Impact:

Again, for clarification, the new roof at LMC, the new roof at the Fire Department and the A/C units for the Fire Department will not be financed, but paid for up front by the City at an estimated cost of \$1,843,440; the remainder of cost (\$2,005,992) will be financed. The attached report shows the net savings over the 25 year period (\$169,792) and breaks the savings down by

year. There are also substantial environmental benefits that make the proposal attractive, however, in total, the project does not pay for itself over the 25 years. Chevron will also be requesting that an Energy Audit (the next step) be performed, and that Council provide the City Manager with the authority to enter into an Agreement with Chevron Energy to perform that audit at a cost of \$23,782. After the audit, if we move forward, the fee for the audit would be rolled into the cost of the project. Of course, we would not enter into an agreement until the City Attorney was satisfied with the contract. Ashu Jain will explain the financing methodology in his presentation, but in short, to put up solar arrays on the roof of the Lemoore Municipal Complex, along with other energy saving measures, will cost the City (on average) approximately \$80,000 annually for 25 years. The project does not pay for itself in the short-, medium-, or even long-term, but it is a policy decision that can have profound impact on the way the City of Lemoore looks at energy and energy consumption, and sets a standard for others to follow.

Recommendation:

If Council wishes to proceed, staff recommends that Council authorize the City Manager to enter into agreement with Chevron Energy and move forward with the solar project.