TO:

FINANCE AND AUDIT COMMITTEE

REVIEWED: MARIO IGLESIAS

GENERAL MANAGER

DATE:

**APRIL 6, 2018** 

## **AGENDA ITEM APRIL 9, 2018**

## **REVIEW ENGIE (FORMERLY OPTERRA) ENERGY SAVINGS PROPOSAL**

## ITEM

Review Engie Energy Company proposal for financial integrity and viability. [RECOMMEND EVALUATE AND DISCUSS THE MERITS OF THE FINANCIAL ESTIMATION METHODOLOGY TO DEVELOP A RECOMMENDATION FOR THE BOARD OF DIRECTORS]

## BACKGROUND

At your Honorable Board's March 28, 2018 Board Meeting, Engie presented its Development Program Report ("Report"). Engie was authorized by the Nipomo Community Services District ("District") to complete the Report at your Board's October 25, 2017 Board Meeting.

The Report as presented generated a host of questions from the Board of Directors. Not all questions could be addressed at the Board Meeting so the Board President directed the Finance and Audit Committee to hold a public meeting in order to better understand the financial claims being presented.

Information was forwarded to the District's rate consultant, Tuckfield & Associates, for review and confirmation.

## FISCAL IMPACT

The program is funded by savings it generates. There should be little impact on the cash flow. There will be a lease payment that will show on the District's budget as an expenditure.

## STRATEGIC GOAL

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

- 6.2 Utilize technology to maximize productivity and communications.
- 6.3 Provide excellent customer service.

## **RECOMMENDATION**

Staff recommends your committee view and discuss details of Engie's Development Program Report and prepare a recommendation for the District's Board of Directors on the financial viability of the proposed project.

## **ATTACHMENTS**

A. Development Program Report

APRIL 9, 2018

ITEM 2

ATTACHMENT A

# Nipomo Cor

Ashu Jain, P.E.

March 28, 2018

Jeff Woldhuis, P.E. Adam Davis

Ryan Rodriguez, CEM

engie

Lead Project Manager

Senior Manager

Project Manager

Lead Project Engineer

## Agenda

- Introduction to ENGIE Services U.S.
- Program Scope
- Financial Overview
- Program Benefits
- Roadmap

## engie

## ENGIE Services U.S.

(formerly Opterra Energy Services

generates over \$80 billion in annual revenue. ENGIE is the largest independent electricity producer in the world, and the third largest retail States. With more than 150,000 employees worldwide, EN

## 40+ years

Experience as an Accredited Energy Service Provider

## \$300MM

Sales in 2017

## \$2.5B

Completed Projects

## 250MW+

Solar Projects for CA Public Entities

## 350+

Employees



# **Activities Since Board Approval of Agreement**

- Performed Investment Grade Audit level surveys for energy efficiency and renewable energy opportunities
- Completed detailed guaranteed savings calculations for all energy measures
- Developed preliminary Solar PV design drawings
- Performed study to evaluate glare due to the solar panels from the freeway
- Submitted two (2) Solar PV interconnection applications to PG&E to secure Time-of-Use period grandfathering
- Had PG&E complete a Supplemental Review for Solar PV interconnections to determine utility-side upgrades and associated costs
- Walked subcontractors to secure guaranteed maximum pricing
- Surveyed 10% of all water meters to determine challenges during replacement
- Assessed equipment options to include in the scope of work
- Regularly interacted with staff to finalize all technical details
- Worked with staff on documenting AMI system benefits and cost
- Bid project financing to 15 companies and received 4 proposals
- Presented draft proposal to staff first to seek input

## **Program Scope**

Z	Nipomo Community Services District	ity Service	s District				ement	Lighting	Lighting	Thermostats
Building Name	Address	Square Feet	Annual Electric Usage (kWh)	Annual Electric Billing	Average Electric Cost S/kWh	Solar Project	HVAC Repla	Interior LED	Exterior LED	Web-Enabled
Wastewater Treatment Facility	515 Southland St.	1,560	709,088	\$ 117,281	\$0.17	×		×	×	×
Southland Wastewater Shop	509 Southland St.	7,630	39,513	\$ 8,828	\$0.22	×		×		×
Sundale Well*	1604 Camino Caballo		305,893	\$ 75,859	\$0.25			×	×	
Via Concha Well (150HP Pump)*	796 Via Concha Rd.		338,218	\$ 72,392	\$0.21			×	×	
Blacklake Wastewater Facility*	1526 N Willow Rd.		226,012	\$ 34,481	\$0.15			×	×	
Blacklake Well #4 (75HP Pump)*	1598 Willow Rd.		223,177	\$ 47,901	\$0.21			×	×	
Knollwood Well (50HP Pump)*	891 Sundale Way		174,499	\$ 38,306	\$0.22			×	×	
District Office*	148 S Wilson St.	4,170	29,293	\$ 6,559	\$0.22		×	×	×	×
Eureka Well	795 Guadalupe Rd.		3,661	\$ 3,532	\$0.96			×	×	
	Total		2,049,354	\$ 405,139	\$0.20	2	_	9	00	ယ

<sup>\*</sup>Site is a RES-BCT Solar Benefiting Account. Southland Wastewater Shop is the Generating Account.

# Project scope includes Advanced Metering Infrastructure (AMI) for 4,392 water meters

# Facility Interior & Exterior Lighting Retrofit

- Retrofit the interior and/or exterior lighting at the following sites:
- District Office
- Southland Wastewater
   Treatment Shop
- Southland Wastewater
   Treatment Facility
- Blacklake Wastewater
   Treatment Facility

- Blacklake Well
- Sundale Well
- Eureka Well
- Knollwood Well
- Via Concha Well

## Upgrade Interior Lighting and Controls

- Retrofit linear fluorescent T-8 fixtures with LED retrofit kits where possible. Install LED lamps and drivers in others
- Retrofit incandescent and CFL screw-in lamps with LEDs
- Replace CFL plug-in lamps with LED plug-in lamps
- Where not currently in place but where appropriate, install wireless vacancy sensors with option to shut off interior lighting when rooms are unoccupied
- addition to energy savings leading to substantial savings and maintenance in LED lamps have a rated life of 75,000 to 100,000 hours
- Benefits Include
- Better quality lighting
- Replaces old lamps and ballasts
- Savings in energy cost
- Longer life of system
- Substantial reduction in maintenance cost
- LEDs do not contain mercury









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## Upgrade Exterior Lighting and Controls

- Replace CFL and HID wall packs at exterior areas with new LED wall packs
- Replace HID pole light heads with new LED area
- Replace screw-in CFLs with new screw-in LEDs
- Where applicable, new LED fixtures will come equipped with occupancy sensors
- LED lamps have a rated life of 75,000 to 100,000 hours leading to substantial savings in maintenance in addition to energy savings
- Benefits Include:
- Improved safety
- Replaces old lamps and ballasts
- Savings in energy cost
- Longer life of system
- Substantial reduction in maintenance cost
- LEDs do not contain mercury







# **HVAC Equipment Upgrades – District Office**

- Replace two (2) of the three (3) HVAC, split DX systems at the District Office with new, energy efficient units of similar size and type
- One (1) 2-ton and one (1) 4-ton unit and R410A refrigerant associated fan-coil units will be replaced for maximum product efficiency featuring new
- Benefits Include:
- Increased energy savings
- Improved comfort
- Reduced maintenance
- Planned vs. emergency replacement





## **Install Web-Enabled Thermostats**

- Install Pelican Wireless web-enabled thermostats at the following sites:
- District Office Three (3)
- Wastewater Treatment Shop One (1)
- Three (3) existing thermostats will be controlled by one (1) new thermostat
- Wastewater Treatment Lab one (1)
- Wastewater Treatment Facility one (1)



- Benefits Include:
- Remote access from any web-enabled device
- Multi-User access
- Remote scheduling
- Alerts and alarms
- Analysis and reporting

# Southland WWTF - Ground Mount Solar Structures (NEM) 345 kW & (RES-BCT) 648 kW



TOTAL	A6	A5	A4	A3	A2	A1	ARRAY	TWW	PV
1620	270	270	270	270	270	270	PANELS	F - 18 P	PV SYSTEM "A"
90	15	15	15	15	15	15	STRINGS	ANELS/STRIN	A" (RES-BCT)
648.0	108.0	108.0	108.0	108.0	108.0	108.0	KWDC	G	)

	PV SYSTEM	"B (NEM)	
W	WWTF - 18 P	ANELS/STRIN	G
ARRAY	PANELS	STRINGS	KWDC
B1	162	9	64.8
B2	162	9	64.8
В3	180	10	72.0
84	180	10	72.0
85	180	10	72.0
TOTAL	864	48	345.6



## Water Meter Changeout with Advanced Metering Infrastructure (AMI) System

 Supply and install 4,392 water meters with transducers of the following sizes:

- 4"	၊ ယ္ခ	- 2 <sub>"</sub>	- 1.5"	1 2	<b>-</b> 3/4"	<b>-</b> 5/8"	- <u>Size</u>
(Ji	တ	19	39	1,128	833	2,362	Quantity

- Set-up, program, and commission AMI system
- Assist District with setting up database and linking the data to billing system

- Benefits:
- Monthly customer billing
- Eliminates meter reading cost
- Increases revenue due to accurate meters
- Enables leak detection
- More accurate billing
- Eliminates hard to read meter problems
- Eliminates non-scheduled readings for tenant turnover
- Minimizes inconvenience to residents to regularly access their property
- Customer portal allows City to engage, educate, inform, and protect customers
- Create GIS mapping of meters

# **Justification for Water Revenue Increase**

- In the recent past, the District has been seeing an 8% water loss
- water loss The District tested a small sample of meters and they showed a 12%
- Here are the revenue increases that our past customers were comfortable with:
- City of Greenfield assumed a 9% revenue increase because their water loss was 13%
- Paradise Irrigation District went with a 10% revenue increase because their unaccounted water was 17.5%
- In 2007, City of Delano went with a \$75,000 increase in revenue for approx. the same number of meters as Nipomo CSD
- We have assumed an extremely conservative 4% increase in water revenue due to the meter replacement

# Project Financial Analysis - Entire Project

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Totals	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	00	7	თ	5	4	ယ	2			Year		\nnual So	Innual Es	rojected	\nnual Es	Innual Es	stimated	Finance Term	\mount to	Financing Cost	District Contribution	Project Cost
\$8,755,320	\$451,584	\$434,309	\$417,695	\$401,717	\$386,350	\$371,570	\$357,357	\$343,687	\$330,539	\$317,895	\$325,300	\$312,763	\$300,708	\$289,119	\$277.977	\$267,264	\$256,965	\$247,063	\$237,543	\$228,390	\$219,590	\$211,129	\$242,111	\$232,794	\$223,836	\$215,222	\$206,941	\$198,978	\$199,013	\$249,912	Savings	Electricity	Projected	Annual Solar Panel Degradation	Annual Escalation of O&M Cost	Projected Water Revenue Increase	Annual Escalation of Water Cost	Annual Escalation of Electricity Cost	Estimated Annual Interest Rate	erm	Amount to be Financed	Cost	ntribution	)St
\$134,255	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8.761	\$8.506	\$8,258	\$8,018	\$7,784	\$7,557	\$7,337	\$7,124	\$6,916	\$6,715	\$6.519	\$6.329	\$6,145	\$5,966	\$5,792	\$5,623	\$5,460	\$5,301	\$5,146	\$4,996	Savings	O& M	Drojected	adation	M Cost	e Increase	er Cost	tricity Cost	t Rate					
\$134,255 \$5,813,052 \$1,004,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$595,867	\$546,667	\$501,529	\$460,118	\$422,127	\$387,272	\$355,296	\$325,959	\$299,045	\$274.354	\$251,701	\$230,918	\$211.851	\$194,359	\$178.311	\$163,588	\$150,081	\$137,689	\$126,320	Increase	Water	Projected											
\$1,004,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68.097	\$66,114	\$64,188	\$62,319	\$60,504	\$58,741	\$57,030	\$55,369	\$53,757	\$52,191	\$50,671	\$49,195	\$47,762	\$46.371	\$45,020	\$43,709	\$42,436	\$41,200	\$40,000	Savings	Reading	Meter											
\$879,090	\$0	\$0	\$0	\$0	\$	\$0	\$1	\$0	\$0	\$0	\$0	\$59.585	\$57,850	\$56,165	\$54,529	\$52,941	\$51,399	\$49.902	\$48,448	\$47.037	\$45,667	\$44,337	\$43,046	\$41,792	\$40,575	\$39,393	\$38,245	\$37,132	\$36,050	\$35,000	Budget	Replacement	Meter											
			0 \$0			0 \$0			0 \$0		0 \$0	Ī																2 \$0	\$0	\$54.451	Credit		Incentives											
\$54,451 \$16,640,842	\$451,584	\$434,309	\$417,695	\$401,717	\$386,350	\$371,570	\$357,357	\$343,687	\$330,539	\$317.895	\$334,062	\$1 044 818	\$979,597	\$919,019	\$862,727	\$810,393	\$761,715	\$716 414	\$674,236	\$634,944	\$598,320	\$564,167	\$571,414	\$540,165	\$510,932	\$483,570	\$457,943	\$433,927	\$419.098	\$510,680	Savings	Program	<u>7</u>											
\$9,424,2			\$0		\$0		\$0	\$0			\$203.2	T	T	Ī	П		\$572,009	П	\$489,487	\$452,565	Г	Ī	\$413,716	\$384,050	\$356,354		\$306.305	\$283,695	\$270.231	\$363,138	rayment	Lease												
€9		\$35,813	\$34,770			\$31,820				Γ	T	T			\$24,387			П	\$21,668	Г		\$19.829		Г	\$18,146	Г	Г	Г	\$16,123		Cost	Maintenance	Solar											
\$199,5			\$0	7 \$0		\$0						T		\$23,453								\$0			\$0				\$0			Replacement	Meter											
\$554,0												\$37.5			\$34,365		2 \$32,392		\$30,533			\$27,942	\$27,128	\$26,338	\$25,571		\$24,103		\$22,719		≥		Annual AMI											
			\$0	\$0				\$0				\$11.0	8 \$10,702		(0			9 \$9,232	3 \$8,963			2 \$8,202	8 \$7,963	8 \$7,731	1 \$7,506	6 \$7,288	3 \$7,075			8 \$6,475	Subsc	Customer	Sensus											
\$162,632 \$11,085,126		\$0 \$35,813	\$0 \$34,770	\$0 \$33,757		\$0 \$31,820		\$0 \$29,993			66		Ī		88 \$759.371		Г	32 \$613,059	Γ	Γ		Г	63 \$468,059	31 \$436,810						75 \$407,324		ס	Total											
\$	88 \$414,696	13 \$398,496	70 \$382,925			20 \$339,751		Γ	Г		T	T		T	П					Τ	Γ	11 \$103,356	59 \$103.356	10 \$103,356	T		87 \$103,356	71 \$103,356	П		_	Net Savings		0.50%	3.00%	4.00%	9,00%	4.50%	4.18%	20	\$5,924,073	\$0	\$0	\$5,924,073

# Project Financial Analysis - AMI Water Meters

\$2,035,243	\$5,711,573	\$162,632	\$554,015	\$199,537	\$4,795,389	\$7,746,817	\$50,000	\$879,090	\$1,004,675	\$5,813,052	Totals
-\$101,762	-\$10	\$0	\$0	\$0	-\$101,762	\$0	\$0	\$0	\$0	\$0	20
\$621,787	\$62	\$11,023	\$37,551	\$24,881	\$548,331	\$723,549	\$0	\$59,585	\$68,097	\$595,867	19
,868	\$568,868	\$10,702	\$36,458	\$24,156	\$497,552	\$670,630	\$0	\$57,850	\$66,114	\$546,667	18
120	\$520,120	\$10,390	\$35,396	\$23,453	\$450,881	\$621,882	\$0	\$56,165	\$64,188	\$501,529	17
204	\$475,204	\$10,088	\$34,365	\$22,770	\$407,982	\$576,966	\$0	\$54,529	\$62,319	\$460,118	16
809	\$433,809	\$9,794	\$33,364	\$22,106	\$368,545	\$535,571	\$0	\$52,941	\$60,504	\$422,127	15
350	\$395,650	\$9,509	\$32,392	\$21,462	\$332,287	\$497,412	\$0	\$51,399	\$58,741	\$387,272	14
991	\$360,466	\$9,232	\$31,449	\$20,837	\$298,948	\$462,228	\$0	\$49,902	\$57,030	\$355,296	13
15	\$328,015	\$8,963	\$30,533	\$20,230	\$268,289	\$429,777	\$0	\$48,448	\$55,369	\$325,959	12
77	\$298,077		\$29,643	\$19,6	\$240,090	\$399,839	\$0	\$47,037	\$53,757	\$299,045	11
49	\$270,449	\$8,448	\$28,780		\$233,221	\$372,212		\$45,667	\$52,191	\$274,354	10
6	\$244,946		\$27,942		\$208,802	\$346,708		\$44.337	\$50,671	\$251,701	9
96	\$221,396		\$27,128	\$0	\$186,305	\$323,158	\$0	\$43,046	\$49,195	\$230,918	00
43	\$199,643		\$26,338		\$165,574	\$301,405	\$0	\$41,792	\$47,762	\$211,851	7
25	\$179,542	\$7,506	\$25,571		\$146,465	\$281,305	\$0	\$40,575	\$46,371	\$194,359	တ
32	\$160,962	\$7,288	\$24,826	\$0	\$128,848	\$262,724	\$0	\$39,393	\$45,020	\$178,311	5
8	\$143,780	\$7,075	\$24,103	\$0	\$112,602	\$245,543	\$0	\$38,245	\$43,709	\$163,588	4
86	\$127,886	\$6,869	\$23,401	\$0	\$97,616	\$229,648	\$0	\$37,132	\$42,436	\$150,081	ယ
7	\$113,177	\$6,669	\$22,719	\$0	\$83,788	\$214,939	\$0	\$36,050	\$41,200	\$137,689	2
<u>∞</u>	\$149,558	\$6,475	\$22,058	\$0	\$121,025	\$251,320	\$50,000	\$35,000	\$40,000	\$126,320	_
	Costs	Subscriptions	Analytics and O&M	Cost	Payment	Savings	Credit	Budget	Cost Savings	Increase	
	Program	Customer	Hosting,	Replacement	Lease	Program	Recycling	Replacement	Reading	Water	Year
	T of b	Sensus	Annual AMI	Motor		러 <u>함</u>		Motor	Meter	Projected	
									&M Cost	Annual Escalation of O&M Cost	Annual E
_									iue Increase	Projected Water Revenue Increase	Projecte
_									ater Cost	Annual Escalation of Water Cost	Annual E
L									est Rate	Estimated Annual Interest Rate	Estimate
<u> </u>										Term	Finance
Ш										Amount to be Financed	Amount t
										g Cost	Financing Cost
										District Contribution	District C
										ost	Project Cost
1											

# Project Financial Analysis - Entire Project Less AMI

\$3,520,473	\$5,373,553	\$744 705	\$4.628.848	\$8 894 026	\$4.451	\$134.255	\$8 755 300	Totals
\$414,696	\$36,888	\$36,888	\$0	\$451,584	\$0	\$0	\$451,584	30
\$398,496	\$35,813	\$35,813	\$0	\$434,309	\$0	\$0	\$434.309	29
\$382,925	\$34,770	\$34,770	\$0	\$417,695	\$0	\$0	\$417.695	28
\$367,959	\$33,757	\$33,757	\$0	\$401,717	\$0	\$0	\$401,717	27
\$353.576	\$32,774	\$32,774	\$0	\$386,350	\$0	\$0	\$386,350	26
\$339,751	\$31,820	\$31,820	\$0	\$371,570	\$0	\$0	\$371,570	25
\$326,464	\$30,893	\$30.893	\$0	\$357,357	\$0	\$0	\$357,357	24
\$313,693	\$29,993	\$29,993	\$0	\$343,687	\$0	\$0	\$343,687	23
\$301,420	\$29,119	\$29,119	\$0	\$330,539	\$0	\$0	\$330,539	22
\$289,624	\$28.271	\$28,271	\$0	\$317,895	\$0	\$0	\$317,895	21
\$1,593	\$332,468	\$27,448	\$305,020	\$334,062	\$0	\$8.761	\$325,300	20
\$1,593	\$319,675	\$26,648	\$293,027	\$321,269	\$0	\$8,506	\$312,763	19
\$1,593	\$307,373	\$25,872	\$281,501	\$308,967	\$0	\$8,258	\$300,708	18
\$1,593	\$295,543	\$25,119	\$270,425	\$297.137	\$0	\$8,018	\$289,119	17
\$1,593	\$284,167	\$24,387	\$259,780	\$285,761	80	\$7,784	\$277,977	16
\$1.593	\$273,228	\$23,677	\$249,551	\$274,822	\$0	\$7,557	\$267,264	15
\$1,593	\$262,709	\$22,987	\$239,722	\$264,302	\$0	\$7,337	\$256,965	14
\$1,593	\$252,593	\$22,318	\$230,275	\$254,187	\$0	\$7,124	\$247,063	13
\$1.593	\$242,865	\$21,668	\$221,198	\$244,459	\$0	\$6,916	\$237,543	12
\$1.593	\$233,511	\$21,037	\$212,474	\$235,104	\$0	\$6,715	\$228,390	11
\$1,593	\$224,515	\$20,424	\$204,092	\$226,109	\$0	\$6,519	\$219,590	10
\$1,593	\$215,865	\$19,829	\$196,036	\$217,458	\$0	\$6,329	\$211,129	9
\$1,593	\$246,663	\$19,251	\$227,411	\$248,256	\$0	\$6,145	\$242,111	8
\$1.593	\$237,167	\$18,691	\$218,476	\$238,760	\$0	\$5,966	\$232,794	7
\$1,593	\$228,034	\$18,146	\$209,888	\$229,628	\$0	\$5,792	\$223,836	6
\$1.593	\$219,252	\$17,618	\$201,635	\$220.846	\$0	\$5,623	\$215,222	5
\$1.593	\$210,807	\$17,105	\$193,702	\$212.401	\$0	\$5,460	\$206,941	4
\$1,593	\$202,685	\$16,606	\$186,079	\$204,279	\$0	\$5,301	\$198,978	ω
\$1,593	\$202,566	\$16,123	\$186,443	\$204,159	\$0	\$5,146	\$199,013	2
\$1,593	\$257,766	\$15,653	\$242,113	\$259,360	\$4,451	\$4,996	\$249,912	_
d	Costs	Cost	Payment	Savings			Savings	9
Net Savinos	Program	Maintenance		Program	Incentives	O& M	Flectricity	Year
U.3U%	Tatal	2		Take		adation	Annual Solar Panel Degradation	Annual Sc
3.00%						VI Cost	Annual Escalation of O&M Cost	Annual Es
4.50%						ctricity Cost	Annual Escalation of Electricity Cost	Annual Es
4.18%						t Rate	Estimated Annual Interest Rate	Estimated
20							erm	Finance Term
\$3,010,267							Amount to be Financed	Amount to
\$0							Cost	Financing Cost
\$0							District Contribution	District Co
00,010,207							701	- Inject Chair

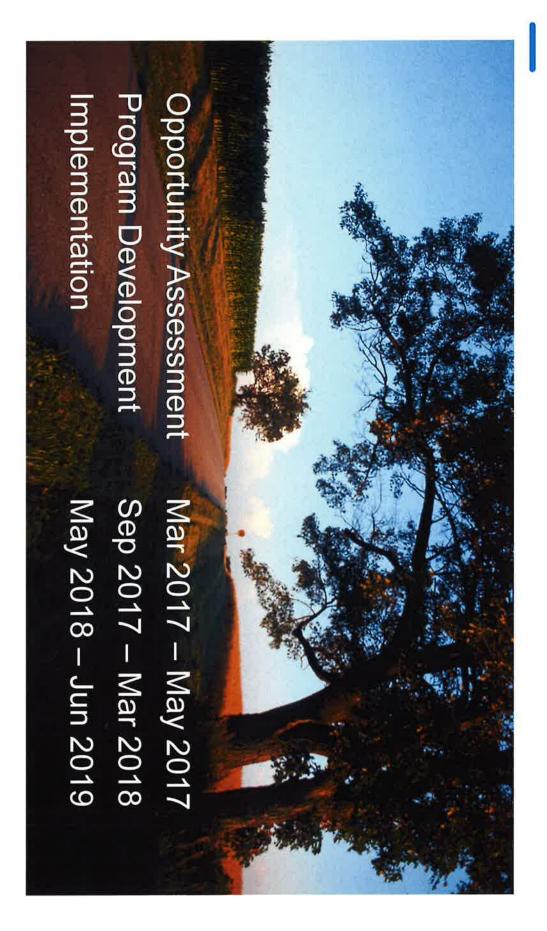
## Program Benefits

- Hedge against rising energy costs and create significant savings
- Over \$100,000 in annual net savings

\$5.5 million over project life after paying for all costs

- Cut down District electricity spend by nearly 50%
- Utilize savings to replace old mechanical equipment
- Save maintenance staff's time with long-life LED lighting, changing out old water meters, replacement of old mechanical equipment using savings
- Increase revenue, eliminate meter reading cost, and conserve water with new AMI water meters
- Stimulate local economy and provide local jobs
- Establish District as a regional technology leader
- Substantial environmental benefits equivalent to removing 267 cars from the road annually
- **ENGIE** guarantees 95% of energy savings

## Roadmap



TO:

FINANCE AND AUDIT COMMITTEE

REVIEWED: MARIO IGLESIAS

GENERAL MANAGER

DATE:

**APRIL 6, 2018** 

**AGENDA ITEM APRIL 9, 2018** 

## FINANCIAL ADVISORS REVIEW OF ENGIE ENERGY COMPANY PROPOSAL

## ITEM

Review by District's Financial Advisors of Engie Energy Company's proposal for resource energy savings project. [RECOMMEND RECEIVE REPORT]

## **BACKGROUND**

At your Board's March 28, 2018 Board Meeting, President Eby assigned the task of evaluating the financial claims and possible impacts of Engie Energy Company ("Engie") proposal on the District's financial position. Staff sent the proposal to its Municipal Financial Advisor ("MFA"), C.M.de Crinis & Co., Inc. ("C.M.") for evaluation and requested a written analysis of the financing options [Attachment A]. C.M. will be available to address any questions and engage in the discussion via conference call.

Staff also sent Engie's proposal to Tuckfield and Associates ("Tuckfield"), the District's rate consultant. Tuckfield evaluated Engie's revenue recovery spreadsheet that was included in the Development Program Report ("Report") and rearranged the spreadsheet to provide a different perspective of the data [Attachment B]. Tuckfield will be available to address any questions and engage in the discussion via conference call.

## FISCAL IMPACT

There was a Task Order issued to C.M. for \$5,000 to provide a financial review of the proposal. There is an hourly cost for Tuckfield that is not expected to exceed \$2,500 for services. Staff has spent time organizing the meeting, responding to questions, and writing the staff report. Staff time is in the budget.

### STRATEGIC GOAL

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

- 6.2 Utilize technology to maximize productivity and communications.
- 6.3 Provide excellent customer service.

### RECOMMENDATION

Staff recommends your committee receive and discuss MFA Report and rate consultants information to assist in developing an understanding of the financial impacts and viability of the Engie proposal and preparing a recommendation for the District's Board.

## **ATTACHMENTS**

- A. C.M.de Crinis & Co. Analysis
- B. Tuckfield and Associates Spreadsheet

## APRIL 9, 2018

ITEM 3

## ATTACHMENT A

(TO BE DISTRIBUTED AT COMMITTEE MEETING)

APRIL 9, 2018

ITEM 3

ATTACHMENT B

\$ 444,772	\$ 848,629	\$ (5,425,362) \$	\$ (4,509,167)	\$ (162,632)	\$ (554,028)	\$ (199,535)	\$ 6,273,991	\$	\$	\$ 50,000	\$ 879,090	1,004,675	\$ 4,340,226 \$	Total	
\$ (89,222)	\$ (225,458)	\$ (225,458)	\$ (225,458)				\$							20	4,5%
\$ 67,787	\$ 163,136	\$ (298,915)	\$ (225,458)	\$ (11,023)	\$ (37,552)	\$ (24,881)	\$ 462,051				\$ 59,585	\$ 68,097	\$ 334,368 \$	19	4.5%
\$ 64,205	\$ 147,158	\$ (296,775)	\$ (225,458)	\$ (10,702)	\$ (36,459)	\$ (24,156)	\$ 443,933				\$ 57,850	66,114	\$ 319,970 \$	18	4,5%
\$ 60,400	\$ 131,846	\$ (294,698)	\$ (225,458)	\$ (10,390)	\$ (35,397)	\$ (23,452)	\$ 426,544				\$ 56,165	64,188	\$ 306,191 \$	17	4,5%
\$ 56,362	\$ 117,172	\$ (292,681) \$	\$ (225,458)	\$ (10,088)	\$ (34,366)	\$ (22,769)	\$ 409,853				\$ 54,529	\$ 62,319	\$ 293,006 \$	16	4.5%
\$ 52,077	\$ 103,109	\$ (290,723)	\$ (225,458)	\$ (9,794)	\$ (33,365)	\$ (22,106)	\$ 393,833				\$ 52,941	60,504	\$ 280,388 \$	15	4.5%
\$ 47,534	\$ 89,632	\$ (288,822)	\$ (225,458)	\$ (9,509)	\$ (32,393)	\$ (21,462)	\$ 378,454				\$ 51,399	58,741	\$ 268,314 \$	14	4,5%
\$ 42,718	\$ 76,715	\$ (286,977)	\$ (225,458)	\$ (9,232)	\$ (31,449)	\$ (20,837)	\$ 363,692				\$ 49,902	57,030	\$ 256,760 \$	13	4.5%
\$ 37,616	\$ 64,336	\$ (285,185)	\$ (225,458)	\$ (8,963)	\$ (30,533)	\$ (20,230)	\$ 349,521				\$ 48,448	55,369	\$ 245,703 \$	12	4.5%
\$ 32,213	\$ 52,471	\$ (283,445)	\$ (225,458)	\$ (8,702)	\$ (29,644)	\$ (19,641)	\$ 335,917				\$ 47,037	53,757	\$ 235,123 \$	11	4.5%
\$ 38,785	\$ 60,168	\$ (262,687)	\$ (225,458)	\$ (8,448)	\$ (28,781)	\$	\$ 322,856				\$ 45,667	52,191	\$ 224,998 \$	10	4.5%
\$ 32,971	\$ 48,714	\$ (261,603)	\$ (225,458)	\$ (8,202)	\$ (27,942)	ţ	\$ 310,317				\$ 44,337	50,671	\$ 215,309 \$	0	4.5%
\$ 26,812	\$ 37,728	\$ (260,550)	\$ (225,458)	\$ (7,963)	\$ (27,129)	\$	\$ 298,278				\$ 43,046	49,195	\$ 206,037 \$		4.5%
\$ 20,290	\$ 27,191	\$ (259,528)	(225,458)	\$ (7,731) \$	\$ (26,338)	\$	\$ 286,719				\$ 41,792	47,762	\$ 197,165 \$	7	4.5%
\$ 13,386	\$ 17,084	\$ (258,536)	\$ (225,458)	\$ (7,506)	\$ (25,571)	S.	\$ 275,620				\$ 40,575	46,371	\$ 188,675 \$	6	4.5%
\$ 6,080	\$ 7,390	\$ (257,573)	\$ (225,458)	\$ (7,288)	\$ (24,826)	\$	\$ 264,963				\$ 39,393	45,020	\$ 180,550 \$	5	4.5%
\$ (1,648)	\$ (1,908)	\$ (256,637)	(225,458)	\$ (7,075) \$	\$ (24,103)	\$	\$ 254,729				\$ 38,245	43,709	\$ 172,775 \$	4	14.7%
\$ (23,156)	\$ (25,529)	\$ (255,729)	\$ (225,458)	\$ (6,869)	\$ (23,401)	\$	\$ 230,200				\$ 37,132	42,436	\$ 150,632 \$	3 \$	9.2%
\$ (37,768)	\$ (39,656)	\$ (254,847)	\$ (225,458)	\$ (6,669)	\$ (22,720)	\$	\$ 215,191				\$ 36,050	41,200	\$ 137,941 \$	2 \$	9.2%
\$ (2,671)	\$ (2,671)	\$ (253,991)	(225,458)	\$ (6,475) \$	\$ (22,058)	\$	\$ 251,320	٠,	₩.	\$ 50,000	\$ 35,000	40,000	\$ 126,320 \$	1	9.2%
5.0%				3.0%	3.0%	3.0%					3.0%	3.0%		Inflation	I=
Present Value of Annual Net Cash Flow	Annual Net Cash Flow	Total Program Costs	Annual P&I	Sensus Customer Portal System Subscription	ftware sting, rics, and D&M	Meter Replcement /	Total Program Savings	Grant Funds	Rebates Incentives	Recycling Credit	Meter Replacement Budget	Meter Reading Cost Savings	Water Meter Revenue F Increase	Year	Water Meter Rate Increase
NPV	Net	The state of the s	100	Costs	Annal AMI	200				ings	Savings		107		
													\$2,913,806 20 4.180%	Project Cost Term Interest Rate	- T P

TO:

FINANCE AND AUDIT COMMITTEE

REVIEWED: MARIO IGLESIAS

GENERAL MANAGER



DATE:

APRIL 6, 2018

**AGENDA ITEM APRIL 9, 2018** 

## LEGAL COUNSEL REVIEW OF **ENGIE ENERGY COMPANY CONTRACT**

### ITEM

Receive report from District's Legal Counsel on their review of Engie Energy Company's contract for services for the proposed resource energy savings project. [RECOMMEND RECEIVE REPORT]

## BACKGROUND

At your Board's March 28, 2018 Board Meeting, President Eby assigned the task of evaluating the financial claims and possible impacts of Engie Energy Company ("Engie") proposal on the District's financial position.

Legal Counsel has reviewed the Engie contract and will provide the Board with their report.

## FISCAL IMPACT

Review of contracts by legal counsel is budgeted in the District's annual budget.

## STRATEGIC GOAL

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

- 6.2 Utilize technology to maximize productivity and communications.
- 6.3 Provide excellent customer service.

## **RECOMMENDATION**

Staff recommends your committee receive and discuss Legal Counsel's report to assist in preparing a recommendation for the District's Board.