

GLENDALE UNIFIED SCHOOL DISTRICT

October 4, 2016

ACTION REPORT NO. 2

TO: Board of Education  
FROM: Winfred B. Roberson, Superintendent  
SUBMITTED BY: Cheryl Plotkin, Interim Chief Business and Financial Officer  
SUBJECT: **Resolution No. 10 - Determination of Anticipated Energy Savings Related to Energy Service Contract between Glendale Unified School District and SunPower Corporation Systems**

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The Superintendent recommends that the Board of Education adopt Resolution No. 10 determining that the anticipated cost to the District for SunPower to design and construct the Energy Conservation Measures under an Energy Service Contract will be less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of an Energy Service Contract and that it is in the best interests of the District to enter an Energy Service Contract with SunPower.

Government Code Section 4217.12(a) authorizes a public agency to enter into an energy service contract if its governing board determines it is in the best interest of the public agency. This determination must be made at a public hearing during a regularly scheduled Board meeting, where public notice is given. In accordance with the Government Code 4217.12(a) the Board of Education is required to consider the information, testimony, analyses and comments received during the public hearing prior to authorizing the energy service contract. Public notice was posted in the District's regular posting locations.

Government Code Section 4217.13 authorizes a public agency to enter into a facility financing contract and a facility ground lease if its governing board determines it is in the best interest of the public agency. This determination must be made at a public hearing during a regularly scheduled Board meeting, where public notice is given.

It is recommended that the Board adopt Resolution No. 10 determining that the anticipated cost to the District for SunPower to design and construct the Energy Conservation Measures under an Energy Service Contract will be less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of an Energy Service Contract and that it is in the best interests of the District to enter an Energy Service Contract with SunPower, if the District can finalize an Energy Service Contract consistent with the findings of Resolution No. 10, which District staff will bring back to the Board for approval.

**RESOLUTION OF THE BOARD OF EDUCATION OF  
THE GLENDALE UNIFIED SCHOOL DISTRICT  
RESOLUTION NO. 10**

**RESOLUTION FOR DETERMINATION OF ANTICIPATED ENERGY SAVINGS RELATED TO  
ENERGY SERVICE CONTRACT BETWEEN  
GLENDALE UNIFIED SCHOOL DISTRICT AND SUNPOWER CORPORATION SYSTEMS**

**WHEREAS**, the **Glendale Unified School District** (“District”) intends to award a contract at a future Board meeting to **SunPower Corporation Systems** (“SunPower”) to design, install and construct certain conservation measures as defined in Government Code section 4217.11 (“Energy Conservation Measures”) at the following public facilities owned and operated by the District:

1. Hoover High School,
2. Eleanor Toll Middle School,
3. Woodrow Wilson Middle School,
4. Glendale High School,
5. Horace Mann Elementary School,
6. Cerritos Elementary School,
7. John Muir Elementary School,
8. R.D. White Elementary School and
9. Thomas Jefferson Elementary School

(collectively, the “Facilities”); and

**WHEREAS**, SunPower has analyzed the energy needs at the Facilities and has sized certain Energy Conservation Measures in accordance with these energy needs; concluded that the installation and construction of SunPower’s proposed Energy Conservation Measures at the Facilities would result in an anticipated reduction in energy consumption or demand that will result in anticipated net cost savings to the District; and

**WHEREAS**, The District’s independent energy consultant Murley Consulting Group (“Murley”) has analyzed the costs associated with the energy service contract, an operations and maintenance agreement, and a performance guarantee agreement (“Energy Service Contract”), and the anticipated utility bill reductions achieved by the Energy Conservation Measures that would be installed, maintained, and guaranteed pursuant to the Energy Service Contract, and concluded that the anticipated utility bill reductions exceed the expected costs of the Energy Service Contract and therefore that the District is anticipated to realize net cost savings. Murley’s energy cost and savings analysis is attached as **Attachment A** and incorporated herein (“Energy Analysis”); and

**WHEREAS**, based upon the Energy Analysis and the presentation by Murley and SunPower, the cost to the District for SunPower to design, install and construct the Energy Conservation

Measures will be less than the anticipated marginal cost to the District of thermal, electrical or other energy that would have been consumed by the District in the absence of the Energy Conservation Measures; and

**WHEREAS**, Government Code section 4217.12 (a) authorizes a public agency to enter into an energy service contract if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds that the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases, is anticipated to be offset by below-market energy purchases or other benefits provided under that energy service contract; and

**WHEREAS**, the District is a public agency and its governing body is this Board of Education (“Governing Board”); and

**WHEREAS**, on this date, pursuant to Government Code section 4217.10 *et seq.*, this Governing Board held a public hearing and determined that the anticipated cost to the District for SunPower to design and construct the Energy Conservation Measures under an Energy Service Contract, will be less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of an Energy Service Contract; and

**NOW, THEREFORE**, it is found, determined and resolved by the Governing Board of the District as follows:

1. That the District held a public hearing at a regularly scheduled meeting of the Governing Board.
2. Based upon reports of SunPower, Murley and of staff, reviewed by the Governing Board in connection herewith, and pursuant to Government Code section 4217.12, the Governing Board finds that the anticipated cost to the District for SunPower to design and construct the Energy Conservation Measures according to the Energy Analysis and under an Energy Service, will be less than the anticipated marginal cost to the District of thermal, electrical, or other energy that would have been consumed by the District in the absence of an Energy Service Contract.
3. District staff shall continue to negotiate and endeavor to finalize an Energy Service Contract with SunPower consistent with the findings of this Resolution and will bring it back to the Board for approval or inform the Board if District staff is unable to agree with SunPower on the terms of an Energy Service Contract, at which time District staff shall inform the Board of that fact and shall provide other options to the Board to move forward with the installation of Energy Conservation Measures at the Facilities.

**PASSED AND ADOPTED by the Board of Education of the Glendale Unified School District, this 4th day of October, 2016, by the following vote:**

**AYES:**

**NOES:**

**ABSTAINED:**

**ABSENT:**

**CERTIFICATION**

I, Gregory S. Krikorian, Clerk of the Board of Education of the Glendale Unified School District, Los Angeles County, State of California, do hereby certify that the foregoing Resolution was duly approved and adopted by the Board of Education of said district at a meeting thereof held on the 4th day of October, 2016, with a copy of the Resolution being on file in the Administrative Office of the District.

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Clerk, Board of Education

Attachments:

Attachment A – Energy Analysis

**Attachment A: Energy Analysis**

**Glendale Unified School District 2016-17 Solar PV Project  
2.44 Megawatts of Solar Systems at 9 District Sites  
Anticipated 25-Year General Fund Savings**

**Cost and System Specifications and Assumptions**

Final System Size (kWp) =	2,439.6
Solar System Contract Price =	\$9,843,465
District Project Development Costs =	\$890,000
CREB Issuance Costs =	\$182,500
Total CREB Loan Amount =	\$10,915,965
Clean Renewable Energy Bond (CREB) Net Interest Rate =	0.616%
Total Solar kWh Generated (First Full Year) =	4,353,566
Annual Rate of PV Degradation =	0.25%
1st Full Year Utility Bill Reduction per Solar kWh (\$/kWh) =	\$0.163
Assumed Utility Annual Rate of Cost Escalation =	3.00%
Assumed % of Expected Solar Production Achieved =	97%

Middle/Elementary Schools' Solar On-Line Oct. 2017; High Schools' Solar On-Line Dec. 2017

Fiscal Year of Solar Operation	<u>Benefit:</u> Avoided Electricity Costs	<u>Cost:</u> Operations & Maintenance	<u>Cost:</u> CREB Payments	Annual General Fund Savings	Cumulative General Fund Savings
<b>Design/ Build</b>					
1 (FY 2017-18)	\$401,489	(\$56,740)	(\$290,436)	\$54,314	\$54,314
2	\$706,092	(\$84,212)	(\$573,278)	\$48,603	\$102,917
3	\$725,457	(\$86,738)	(\$588,121)	\$50,598	\$153,514
4	\$745,352	(\$89,340)	(\$604,850)	\$51,162	\$204,677
5	\$765,794	(\$92,020)	(\$621,455)	\$52,318	\$256,995
6	\$786,795	(\$94,781)	(\$637,938)	\$54,076	\$311,071
7	\$808,373	(\$97,625)	(\$656,294)	\$54,454	\$365,525
8	\$830,543	(\$100,553)	(\$674,515)	\$55,474	\$421,000
9	\$853,321	(\$103,570)	(\$692,601)	\$57,150	\$478,150
10	\$876,723	(\$106,677)	(\$710,550)	\$59,496	\$537,645
11	\$900,767	(\$109,877)	(\$730,362)	\$60,528	\$598,174
12	\$925,471	(\$113,174)	(\$750,025)	\$62,272	\$660,446
13	\$950,852	(\$116,569)	(\$771,537)	\$62,745	\$723,191
14	\$976,929	(\$120,066)	(\$792,890)	\$63,973	\$787,164
15	\$1,003,721	(\$123,668)	(\$814,082)	\$65,971	\$853,136
16	\$1,031,248	(\$127,378)	(\$835,114)	\$68,756	\$921,892
17	\$1,059,530	(\$131,199)	(\$863,973)	\$64,358	\$986,250
18	\$1,088,588	(\$135,135)	\$0	\$953,452	\$1,939,702
19	\$1,118,442	(\$139,189)	\$0	\$979,253	\$2,918,955
20	\$1,149,115	(\$143,365)	\$0	\$1,005,750	\$3,924,705
21	\$1,180,630	(\$147,666)	\$0	\$1,032,964	\$4,957,669
22	\$1,213,009	(\$152,096)	\$0	\$1,060,913	\$6,018,582
23	\$1,246,275	(\$156,659)	\$0	\$1,089,617	\$7,108,199
24	\$1,280,454	(\$161,358)	\$0	\$1,119,096	\$8,227,295
25	\$1,315,571	(\$166,199)	\$0	\$1,149,372	\$9,376,667
<b>Years 1 - 25</b>	<b>\$23,940,540</b>	<b>(\$2,955,854)</b>	<b>(\$11,608,019)</b>	<b>\$9,376,667</b>	<b>\$9,376,667</b>