



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO COUNCIL

#### **SUBJECT**

Award of Contract for the Energy-Efficient Light Emitting Diode (LED) Streetlight Conversion 2016 Project (F16-115)

#### **REPORT IN BRIEF**

Approval is requested to award a contract in the amount of \$2,172,293 to Tanko Lighting, Inc. of San Francisco, CA to perform an energy-efficient streetlight conversion in the City of Sunnyvale. Approval is also requested for a contingency in the amount of \$127,707, which is the balance of budgeted project funding.

#### **EXISTING POLICY**

Consistent with the provision of Chapter 2.08 of the Sunnyvale Municipal Code, contracts for this type of system solution are awarded pursuant to a Request for Proposals (RFP) best value process, unless otherwise exempt from competitive bidding.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### **BACKGROUND AND DISCUSSION**

The City owns and maintains approximately 8,784 Cobra type streetlights and 700 post-top Acorn decorative fixtures (as inventoried by PG&E), the majority of which are High Pressure Sodium (HPS). Approximately 1,859 fixtures, mainly on the arterial streets, were converted to LED in 2012 (RTC No. 10-311). The remaining fixtures, mainly in residential areas and in the Downtown area, are recommended to be converted to LEDs. In December 2015, Council approved a Budget Modification in order to fund the current conversion project (RTC No. 15-0980).

A competitive Request for Proposals (RFP) was issued in August 2016, with three proposals received in September from Ameresco, Tanko Lighting, Inc., and Siemens Industry, Inc. The initial proposed pricing for the conversion ranged from \$2,172,293 to \$3,978,270.

The proposals were reviewed by an evaluation team consisting of staff from Department of Public Works. The firms were evaluated on maximum long-term cost savings offered to the City, proposer experience, past performance in completing projects of similar scope, proposer ability to complete the project within the stated schedule, and best overall value. Tanko Lighting, Inc. was unanimously selected for the project. Based on the information provided in the proposals, staff calculated and confirmed that Tanko's proposal will offer the City the best maximum long-term cost savings. The

Tanko proposal was also the lowest cost proposal.

Converting the City's streetlights to LED is one of the actions identified in Sunnyvale's Climate Action Plan (CAP). The adopted CAP estimated an annual savings of more than 1.8 million kWh of electricity as the result of converting all streetlights to LED, with an associated reduction of greenhouse gases (GHG) of up to 328 metric tons of CO<sub>2</sub> equivalents by the year 2035. Proceeding with this agreement ensures that Sunnyvale completes this action ahead of the original CAP implementation schedule. As a result of the City's recent action to opt-up to GreenPrime electricity provided by Silicon Valley Clean Energy, which will be 100% renewable and 100% GHG free, the actual GHG reductions will exceed the CAP estimate. Adopting more energy efficient technologies continues to be amongst the most important and tangible of climate actions. LED streetlights throughout our community will serve as a clear demonstration of the City's commitment to climate action and energy efficiency.

### **FISCAL IMPACT**

The total cost to convert the HPS fixtures to LED is \$2,172,293. This includes \$1,878,811 for the 6,925 streetlights and \$293,482 for the downtown decorative fixtures.

Budgeted project funding in the amount of \$2,300,000 is available in Capital Project 832070 LED Streetlights Conversion Project. In order to keep the costs within the budgeted amount, a contingency of \$127,707, or approximately 5.9% of the project cost, is requested. While this level of contingency is below the 10% typical for this type of project, staff is comfortable moving forward, will closely monitor progress, and will return to Council should the project need additional funding. The new LED streetlights will save approximately 65% in energy usage with a payback period of 5.5 years. Cost savings will be factored into the FY2017/18 Recommended Budget process.

PG&E rebates may be available to further reduce the capital outlay, although PG&E is currently evaluating whether to continue their existing rebate program. Rebates if continued to future years will be paid back on completion of the LED installations.

### **Funding Source**

The funding source for the project are transfers from the General Fund to the Infrastructure Renovation and Replacement Fund.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

1) Award a contract in substantially the same form as Attachment 1 to the report and in the amount of \$2,172,293 to Tanko Lighting, Inc. and authorize the City Manager to execute the contract when all necessary conditions have been met; and 2) approve a contract contingency in the amount of \$127,707.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Manuel Pineda, Director of Public Work

Reviewed by: Walter C. Rossmann, Assistant City Manager  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENT**

1. Draft General Construction Contract