



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize Amending an Existing Contract for Energy-Efficient Light Emitting Diode (LED) (F18-029) and Approval of Budget Modification No. 15

#### **REPORT IN BRIEF**

Approval is requested to amend an existing contract with Tanko Lighting to increase the contract amount by \$426,429, from \$2,172,293 to \$2,598,722 for the implementation of an Adaptive Streetlighting Control System and approval of Budget Modification No. 15 in the net amount of \$146,199.

#### **EXISTING POLICY**

Pursuant to 2.08 of the Sunnyvale Municipal Code, City Council approval is required for contracts exceeding \$100,000.

Pursuant to Sunnyvale Charter Section 1305, at any meetings after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

#### **ENVIRONMENTAL REVIEW**

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(b), for existing facilities of both investor and publicly owned utilities used to provide electric power, natural gas, sewerage, or other public utility services.

#### **BACKGROUND AND DISCUSSION**

In August 2016 a competitive Request for Proposals (RFP) was issued with three proposals received from Ameresco, Tanko Lighting, Inc., and Siemens Industry, Inc. The City Council approved the award of contract to Tanko Lighting, Inc.(Tanko) in the amount of \$2,172,293 (RTC No. 16-1135).

At the time of award, staff did not recommend awarding the optional task of implementing the Adaptive Streetlighting Control System (ASCS) because the cost was estimated at \$1.2 million. Recent advancements in this technology have made adaptive streetlight systems more affordable and accessible.

Considering this, staff requested Tanko for a revised proposal for deployment of the ASCS if simultaneously deployed with the current contract for the implementation of the LED Streetlight Conversion 2016. Combining these systems implementations will save the City an estimated \$1.0 million versus installing the systems separately.

The ASCS will allow the City to remotely monitor and manage the streetlights from its Traffic Management Center (TMC). The system will allow automatic adjustment of lighting levels on the street depending upon the activity. So, as the activity on the street(s) decreases the lighting levels can also be reduced, saving additional power consumption and reducing greenhouse gas emissions. The ASCS also allows the staff to accurately monitor the power consumption of individual streetlights in real time, and will send streetlight outage alerts identifying malfunctioning streetlights so staff can quickly address outages in a timely manner.

### **FISCAL IMPACT**

The total cost to deploy the Adaptive Streetlighting Control System is \$531,015. The costs will be added to the City's LED Streetlights Conversion project funded by the General Fund. Existing contract savings in the amount of \$104,586 in the project will partially offset these costs. The City's existing contract with Tanko Lighting Inc. provides for the replacement of 6,925 fixtures. However, a recently completed field inventory resulted in a total of 6,614 fixtures that are eligible for replacement. The reduced fixture count equates to \$104,586 in reduced project costs. Therefore, additional project funding of \$426,429 is required to fund the contract change order for the Adaptive Streetlighting Control System.

Upon completion of the project, the City anticipates receiving rebates from PG&E for the LED conversions. The PG&E LED Streetlight Program publishes rebate amounts, based on fixture wattages, that would equate to \$280,230 in revenue to the City. This revenue will offset the fiscal impact of the increased project cost. The General Fund Budget Stabilization Reserve is recommended to fund the net costs of \$146,199 to fully fund the project.

The cost of operating and maintaining streetlights and the associated system is budgeted in the General Fund operating budget. With the planned rebates and energy cost savings from converting to LED's (planned at \$245,000 per year), the payback period for this conversion is less than ten years. The General Fund can absorb an appropriation from the Budget Stabilization Fund to provide resources to add the Adaptive Streetlight Control System. Staff will continue to monitor and adjust the budget for operating streetlights and include operating savings that result from this investment.

Budget Modification No. 15 has been prepared to appropriate additional funding for Project 832070 - LED Streetlights Conversion Project.

**Budget Modification No. 15  
FY 2017/18**

|   | <b>Current</b> | <b>Increase/<br/>(Decrease)</b> | <b>Revised</b> |
|---|----------------|---------------------------------|----------------|
| <b>General Fund</b>                                   |                |                                 |                |
| <u>Revenue</u>  |                |                                 |                |
| PG&E LED Streetlight Program Rebates                  | \$0            | \$280,230                       | \$280,230      |
| <u>Reserves</u>                                       |                |                                 |                |
| Budget Stabilization Fund                             | \$34,596,674   | (\$146,199)                     | \$34,450,475   |
| <u>Transfer To Infrastructure Fund</u>                |                |                                 |                |
| Project 832070 - LED Streetlights Conversion          | \$2,300,000    | \$426,429                       | \$2,726,429    |
| <b>Infrastructure Renovation and Replacement Fund</b> |                |                                 |                |
| <u>Expenditures</u>                                   |                |                                 |                |
| Project 832070 - LED Streetlights Conversion          | \$2,300,000    | \$426,429                       | \$2,726,429    |

**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) Authorize the City Manager to execute the First Amendment to an existing contract with Tanko Lighting Inc. increasing the contract amount by \$ 426,429, from \$2,172,293 to \$2,598,722 to deploy the Adaptive Streetlighting Control System simultaneously with the energy-efficient streetlight conversion in the City of Sunnyvale and 2) Approve Budget Modification No 15 in the net amount of \$146,199.

Prepared by: Gregory S. Card, Purchasing Officer  
Reviewed by: Timothy J. Kirby, Director of Finance  
Reviewed by: Manuel Pineda, Director of Public Works  
Reviewed by: Walter C. Rossmann, Assistant City Manager  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Draft First Amendment