



# Town of Yountville

6550 Yount Street  
Yountville, CA 94599

## Staff Report

**Agenda Item #:** {{section.number}}A

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## Yountville Town Council Staff Report

**DATE:** October 1, 2024

**TO:** Mayor and Town Council

**FROM:** Brad Raulston, Town Manager

**PREPARED BY:** Hilary Gaede, Communications Director/ Town Clerk

### **RECOMMENDATION**

Adopt Resolution Number 24-4315 approving and authorizing the Town Manager to execute an Energy Service Contract with a maximum amount of \$15,000,000 with an initial authorization of \$42,800 for audit and design services with Schneider Electric and finding the approval exempt from the California Environmental Quality Act.

### **DISCUSSION/BACKGROUND**

The Town of Yountville seeks to enter into an Energy Service Contract with Schneider Electric Building Americas, Inc. to implement various energy conservation measures within the Town's public facilities. This contract includes audit, design, and construction services aimed at improving energy efficiency, lowering utility costs, and reducing environmental impact. The project is structured under the California Government Code § 4217.10 et seq., which allows municipalities to engage in energy conservation projects when it is in the best interest of the Town.

The project will be divided into three phases. The audit phase will conduct an energy audit of Town facilities and will cost \$20,000. The design phase will cost up to \$22,800 and will design energy-conserving and resiliency measures to implement throughout Town. Following the audit and design phases, and pending Council approval, the construction phase will begin, with costs not to exceed \$15,000,000.

The Town of Yountville has identified the need to improve energy efficiency and resiliency across several of its facilities. During the 2024 Goal-Setting Workshop, the Town Council identified the exploration of a microgrid and the advancement of energy resiliency in Yountville as top priorities. Schneider Electric Building Americas, Inc. was selected for their experience and qualifications in providing turnkey energy solutions, which includes the design and construction of energy-efficient improvements. The contract encompasses a comprehensive audit of existing facilities, followed by the design and installation of recommended improvements selected and approved by the Town Council.

The proposed energy service contract meets the requirements of the California Government Code, and the attached agreement outlines the full scope of services to be provided by Schneider Electric. A public hearing notice was issued two weeks in advance, as required by Government Code § 4217.12.

The Town of Yountville's decision to enter into an Energy Service Contract with Schneider Electric is part of a broader initiative to improve the sustainability and operational efficiency of public facilities. This contract will allow the Town to identify, design, and implement energy conservation measures (ECMs) that

will provide long-term benefits to the community. The contract structure follows a turnkey model, ensuring that Schneider Electric will manage all aspects of the project, from the initial energy audit to the design and construction of improvements.

The Town Council's approval of the Notice to Proceed between the design and construction phases will provide an additional layer of oversight, allowing for further evaluation of projected costs and benefits at each stage.

### **Key Phases of the Project:**

#### **Audit Phase**

Schneider Electric will conduct a thorough energy audit of Town-owned facilities, including an evaluation of current energy consumption, the operational conditions of existing systems, and the potential for energy- saving upgrades. The audit will include:

- Assessment of heating, ventilation, and air conditioning (HVAC) systems.
- Lighting systems and controls. Water heating and building automation system.
- Feasibility of renewable energy systems such as solar panels.
- Identification of potential hazardous materials or environmental concerns.

Upon completion, Schneider Electric will submit an Audit Report that outlines recommended energy conservation measures and associated cost savings projections. This phase will help determine the scope and priorities for the design and construction phases of the project.

#### **Design Phase**

Following the Town's approval of the audit findings and issuance of a Notice to Proceed, Schneider Electric will proceed with the design of the energy-saving improvements authorized by the Council. The design phase will involve the preparation of detailed engineering plans, including specifications for new energy-efficient equipment and technologies. Schneider Electric will:

- Provide a Design Portfolio with several energy conservation options tailored to the Town's specific needs.
- Present energy-saving projections and financial payback analyses for each option.
- Work closely with Town staff to ensure designs align with operational goals and community priorities.

Once the Town Council approves the final design(s), the Town will issue a Construction Notice to Proceed, authorizing Schneider Electric to initiate the construction phase of the project.

#### **Construction Phase**

Once the Town Council approves the Notice to Proceed, Schneider Electric will initiate the construction phase. The Construction Phase involves the actual implementation of the ECMs. Schneider Electric will install new energy-efficient systems, which may include:

- High-efficiency HVAC systems.
- LED lighting retrofits and smart lighting controls.
- Installation of solar photovoltaic (PV) systems to reduce the Town's reliance on grid electricity.
- Upgrades to building automation systems for enhanced monitoring and control of energy use.
- Water conservation measures, including low-flow fixtures and advanced irrigation controls.

Schneider Electric will oversee all construction activities, ensuring minimal disruption to Town operations. The construction will be scheduled and coordinated to avoid impacts on public services and facility use.

#### **Monitoring and Performance Guarantees**

A significant aspect of the contract is Schneider Electric's commitment to guarantee the performance of the installed energy conservation measures. The contract includes provisions for ongoing monitoring of the new systems to verify that energy savings meet the agreed-upon targets. Subject to separate agreement with Schneider Electric, should the actual savings fall short of the projections, Schneider Electric has

promised to compensate the Town for the shortfall. This will guarantee the Town's investment is protected and that the projected financial and environmental benefits are realized over the long term.

### **Findings and Justifications:**

As required under Government Code § 4217.12, the Town has determined that the anticipated cost of the energy conservation services under this contract will be less than the marginal cost of the energy that would have been consumed in the absence of this agreement. Based on energy consumption data from the past 26 months and the estimates set forth in the table "Resiliency and Sustainability Project Cashflow – 30 Years" provided by Schneider Electric below, it is estimated that the total annual savings caused by the Project will exceed the contract's maximum total cost of \$15,000,000 over the life of the implemented energy conservation measures. The table "Resiliency and Sustainability Project Cashflow – 30 Years" reflects the cost recovery for a project totaling \$3,250,000. This projection will be adjusted proportionally based on the final project cost. The actual cost of this energy service contract may be lower than this maximum amount depending on the scope of work authorized by the Council in the Design Notice to Proceed and Construction Notice to Proceed. For instance, if the Town Council chooses not to authorize construction work after completion of the Audit and Design Phases, the Town will pay Schneider Electric a flat fee of \$42,800.

### **Expected Benefits:**

- **Cost Savings:** The ECMs are expected to reduce the Town's energy costs, with savings projected to offset the project's \$15,000,000 maximum cost over time.
- **Sustainability:** The project will help the Town meet its sustainability goals by reducing greenhouse gas emissions and energy consumption, including potential solar energy integration.
- **Improved Operations:** Upgraded systems will enhance the functionality of Town facilities, providing a better environment for employees and the public.
- **Environmental Compliance:** The project is exempt from CEQA under multiple guidelines, as the improvements involve minor alterations to existing facilities.

Additionally, per Government Code § 4217.16, the Town evaluated Schneider Electric's proposal based on the Company's extensive experience in delivering energy-efficient solutions and their use of advanced, reliable technology. Schneider Electric has successfully completed similar projects for other public agencies, demonstrating their ability to deliver energy savings through innovative and cost-effective technologies.

This Energy Service Contract aligns with Yountville's commitment to sustainability, cost efficiency, and operational improvements. It leverages Schneider Electric's expertise to implement energy conservation measures across key facilities, ensuring that the Town benefits from reduced energy consumption and costs over the long term.

# Resiliency and Sustainability Project Cashflow - 30 Years

Project Assumptions		
Estimated Energy Savings (Lighting Upgrades)	\$	20,000
Estimated O&M Savings (Lighting Upgrades)	\$	10,000
Energy Resiliency Savings	\$	75,000
PG&E Utility Rate Escalation		6.00%
Inflation		3.00%
Project Cost		
Schneider Project Price	\$	3,500,000
Earmark for Microgrid	\$	250,000
Town Contribution	\$	3,250,000

Project Expenses		Project Savings				
Year	Project Price	Estimated Energy Savings (Lighting Upgrades)	Estimated O&M Savings (Lighting Upgrades)	Energy Resiliency Savings	Total Annual Savings	Cumulative Cash Flow
0	\$ 3,250,000					(\$3,250,000)
1		\$20,000	\$10,000	\$75,000	\$105,000	\$105,000
2		\$21,200	\$10,300	\$77,250	\$108,750	\$108,750
3		\$22,472	\$10,815	\$77,250	\$110,537	\$110,537
4		\$23,820	\$11,356	\$77,250	\$112,426	\$112,426
5		\$25,250	\$11,924	\$77,250	\$114,423	\$114,423
6		\$26,765	\$12,520	\$77,250	\$116,534	\$116,534
7		\$28,370	\$13,146	\$77,250	\$118,766	\$118,766
8		\$30,073	\$13,803	\$77,250	\$121,126	\$121,126
9		\$31,877	\$14,493	\$77,250	\$123,620	\$123,620
10		\$33,790	\$15,218	\$77,250	\$126,257	\$126,257
11		\$35,817	\$15,979	\$77,250	\$129,046	\$129,046
12		\$37,966	\$16,778	\$77,250	\$131,994	\$131,994
13		\$40,244	\$17,616	\$77,250	\$135,110	\$135,110
14		\$42,659	\$18,497	\$77,250	\$138,406	\$138,406
15		\$45,218	\$19,422	\$77,250	\$141,890	\$141,890
16		\$47,931	\$20,393	\$77,250	\$145,574	\$145,574
17		\$50,807	\$21,413	\$77,250	\$149,470	\$149,470
18		\$53,855	\$22,484	\$77,250	\$153,589	\$153,589
19		\$57,087	\$23,608	\$77,250	\$157,945	\$157,945
20		\$60,512	\$24,788	\$77,250	\$162,550	\$162,550
21				\$77,250	\$77,250	\$77,250
22				\$77,250	\$77,250	\$77,250
23				\$77,250	\$77,250	\$77,250
24				\$77,250	\$77,250	\$77,250
25				\$77,250	\$77,250	\$77,250
26				\$77,250	\$77,250	\$77,250
27				\$77,250	\$77,250	\$77,250
28				\$77,250	\$77,250	\$77,250
29				\$77,250	\$77,250	\$77,250
30				\$77,250	\$77,250	\$77,250
30 Year Totals		\$3,250,000	\$735,712	\$324,552	\$2,315,250	\$3,375,514
						\$125,514

\* Energy Resiliency Savings = Back-Up Power Value to Community and Demand/Time-of-Use Savings

## ENVIRONMENTAL REVIEW

The approval and execution of this energy service contract is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15301 (existing facilities) as any minor alteration of public facilities pursuant to the energy service contract will involve negligible or no expansion of existing or former use; 15302 (replacement or reconstruction) as any replacement or reconstruction of existing facilities

pursuant to the energy service contract will be located on the same site and have substantially the same purposes and capacity; 15306 (information collection) as the collection and evaluation of energy-related data pursuant to the energy service contract will inform actions the Town has not yet approved; and 15307 (protection of natural resources) and 15308 (protection of the environment) as the energy service contract assures the preservation of finite energy sources for the protection of the environment.

### **FISCAL IMPACT**

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? CP-0033; 50-6000-5400; Energy Resiliency Plan

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Yes

### **STRATEGIC PLAN GOAL**

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Quality of Life:** The Town enhances the livability of Yountville by providing well-maintained public facilities, parks, and trails, and quality programs and events. **Visionary Leadership:** The Town's leadership maintains an open-minded, forward-thinking decision-making process. We value engagement and participation from all members of the community as we work together to create policies and plan for the future.

Briefly Explain Relationship to Strategic Plan Goal and Objective. This agreement supports the Town's Quality of Life goal by improving energy efficiency in public facilities and advancing resiliency. It also reflects Visionary Leadership by embracing sustainable, forward-thinking solutions that benefit both the community and the environment.