

FISCAL IMPACT REPORT

General Information:

 (Check) Bill: X Resolution: _____

Short Title: Yearout Energy Services Company Energy Savings Contract

 Sponsor(s): Mayor Alan Webber, Councilors Lindell and Rivera

 Reviewing Department(s): Public Works, Finance

 Staff Completing FIR: Bradley Fluetsch, CFA Date: 1/15/2021 Phone: 955-6885

 Reviewed by City Attorney:  Date: Jan 22, 2021

 Reviewed by Finance Director:  Date: Feb 2, 2021
Summary:

This Ordinance accepts the investment-grade energy audit and approves the energy savings performance contract with Yearout Energy Services Company, LLC which improves a number of the City's facilities energy consumption and adds 2.75 megawatts of solar production capacity. This project is funded by the \$925,000 Legislative appropriation with the remaining funded in a separate financing transaction, subject to approval by the governing body, where the City would pledge energy savings to finance the lease purchase contract.

Departments Affected:
Public Works, Finance
Consequences of Not Enacting Legislation:

The City would not create 2.75 megawatts of solar power and would not achieve the goals set forth in the Sustainable Santa Fe Plan or fulfill the language of the legislative appropriation. The City would not take this key step in the Governing Body's goal of achieving carbon neutrality by 2040. The City would not reduce carbon emissions that would be the equivalent of taking 687 homes off the grid or reducing driving by nearly 4 million miles annually.

Conflict, Duplication, Companionship, or Relationship to Other Legislation:

This legislation has two companion pieces of legislation, an Ordinance approving the Global Management Performance contract with Dalkia Energy Solutions, LLC for upgrades to the City's streetlights and an ordinance authorizing the execution of a lease-purchase agreement between the City and a "TBD" counterparty to finance both projects.

Performance and Administrative Implications:

There is an energy savings performance contract that will be measured and monitored for compliance with the contract by Yearout. It will determined annually if the energy savings were achieved or a claim against the guarantee would need to be made. During the budget each year, the annual expected savings will be budgeted in the special revenue fund for energy savings debt service with the actual savings recorded monthly. An administrative process will be developed and reporting structure for the proper accounting of the energy savings. The Finance Department will develop the accounting process to fund the special revenue fund and allocate the debt service.

Fiscal Implications:

The likely case is that the City will save enough annually to fund the debt service of the capital expense, if not, Yearout will honor the energy savings contract and make up the difference.

Fiscal Impact:

The fiscal impact of the proposed capital improvements are guaranteed by Yearout Energy Solutions Company, LLC for the term of the lease, therefore the fiscal impact to the City is negligible. The true impact comes in achieving the Governing Body's goal of carbon neutrality and the reduction in the City of Santa Fe's carbon emissions.

_____ Check here if no fiscal impact

Expenditures

Expenditure Type	FYE __	FYE __	FYE __	Require BAR (Y/N)	Recurring (R) or Non-recurring (NR)	Fund	3-Year Total Cost
<u>Personnel and</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Benefits*</u>							
<u>Capital Outlay</u>	\$ _____	\$ _____	\$ _____	_____	_____	_____	
<u>Contractual/</u>	\$ _____	\$ _____	\$ _____		_____	_____	
<u>Professional Services</u>							
<u>Operating</u>	\$ _____	\$ _____	\$ _____		_____	_____	\$ _____
<u>Total:</u>	\$ _____	\$ _____	\$ _____				\$ _____

* This includes all staff time associated with executing the job functions of the proposed legislation.

Expenditure Narrative:

Revenue

Revenue Type	FYE __	FYE __	FYE __	Recurring (R) or Non-recurring (NR)	Fund
General Fund	\$ _____	\$ _____	\$ _____	_____	_____
Special Revenue	\$ _____	\$ _____	\$ _____	_____	_____
CIP	\$ _____	\$ _____	\$ _____	_____	_____
Enterprise	\$ _____	\$ _____	\$ _____	_____	_____
Internal Service	\$ _____	\$ _____	\$ _____	_____	_____
Trust and Agency	\$ _____	\$ _____	\$ _____	_____	_____
Federal	\$ _____	\$ _____	\$ _____	_____	_____
Other	\$ _____	\$ _____	\$ _____	_____	_____
Total	\$ _____	\$ _____	\$ _____		

Revenue Narrative:
