



## REPORT TO THE CITY COUNCIL

Meeting of: January 24, 2017

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**AGENDA SECTION:** PUBLIC HEARINGS

**SUBJECT:** A Public Hearing Pursuant to Government Code Chapter 3.2 Energy Conservation Contracts, § 4217.10 – 4217.18 and Regarding Wastewater Fund, Water Fund and General Fund Performance Contracts for Improvements with Johnson Controls Inc. (JCI)

**PREPARED BY:** David G. Ritchie, City Attorney

**ATTACHMENTS:** None

REVIEWED BY ADMINISTRATOR

REVIEWED BY ATTORNEY

REVIEWED BY FINANCE

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### **BACKGROUND:**

California Government Code § 4217.10 permits local government agencies to develop energy conservation, cogeneration and alternate energy supply sources at the facilities of public agencies. In order to enter into such an “energy service contract” or related ground lease, a public agency must hold a public hearing at a regularly scheduled meeting, and with two weeks of advance notice to the public (Government Code § 4217.12(a)).

Following the public hearing, the local government agency may enter into such “energy services contract” if it finds that the anticipated cost to the public agency for thermal or electrical energy or conservation services facilities or improvements provided under the contract will be less than the costs of thermal, electrical or other energy that would have been consumed by the local government agency in the absence of the contract (Government Code § 4217.12(a)(1)).

The City of Chowchilla is in the process of evaluating Performance Contracts for Wastewater, Water and General Fund with Johnson Controls, Inc. (JCI), to provide improvements that qualify the contracts as “energy services contracts” under the Government Code. Prior to giving the contracts consideration as action items, the Council must hold a public hearing in furtherance of making findings that the contracts will result in energy cost savings to the City that exceed the costs in the contracts for the improvements that would be provided.

### **REASON FOR RECOMMENDATION:**

A public hearing is required prior to entry into an energy services contract. The City must complete this process before making findings that the contracts save energy costs and are in the City’s best interests.

### **FISCAL IMPACT:**

No fiscal impact arises from holding the public hearing

**ALTERNATIVES:**

The City could not hold a public hearing, however would be precluded from moving forward with authorizing execution of the energy services contracts with JCI, specifically the Wastewater Fund Performance Contract, the Water Fund Performance Contract and the General Fund Performance Contract until the public hearing has been held.

**ACTIONS FOLLOWING APPROVAL:**

Following the Public Hearing, Council will be able to consider authorizing the execution of the energy services contracts as agenda action items.