

RESOLUTION NO. 4270

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH
AIRCON ENERGY INC. CONTINGENT UPON EXECUTION OF AN ACQUISITION
FUND AND ACCOUNT CONTROL AGREEMENT AND A MASTER EQUIPMENT
LEASE/PURCHASE AGREEMENT BETWEEN BANC OF AMERICA PUBLIC
CAPITAL CORPORATION AND THE CITY OF SOLEDAD FOR A COST NOT TO
EXCEED \$1,248,134 FOR CONSTRUCTION OF A FACILITY IMPROVEMENT AND
ENERGY RETROFIT PROJECT**

WHEREAS, in 2008, Soledad sought to identify the opportunity to reduce energy and operational costs, improve city facilities and water systems, and reduce greenhouse gas emissions; and

WHEREAS, Aircon Energy Inc. was selected through a competitive process to perform a feasibility evaluation of City wide opportunities for energy-related savings and improvements; and

WHEREAS, Aircon Energy Inc. was awarded a contract for \$36,000 with the City to develop an audit of these opportunities that clearly showed the financial and environmental benefit, compliance with California Government Code 4217, and a detailed scope of work and cost of construction by Aircon Energy Inc.; and

WHEREAS, the cost of the contract for the audit can be included and paid for as part of a construction contract for energy service with Aircon Energy Inc.; and

WHEREAS, the City desires to enter into a contract with Aircon Energy, Inc. to construct, install and equip certain energy conservation equipment ("Energy Retrofit Project"); and

WHEREAS, the scope of the Energy Retrofit Project includes the installation of electronic water meters with remote read capabilities throughout the city, high efficiency pump motors with variable frequency drives at various well stations and valve system replacements at various well stations; and

WHEREAS, the estimated total cost of the Energy Retrofit Project, including cost of the equipment, interest and related expenses, over the next 15 years is approximately \$1,741,977; and

WHEREAS, staff has projected savings total \$3,500,000 using a 0% escalation for the cost of energy over the 30 year projected life cycle of the installed Energy Retrofit Project and, using a 2% escalation for the cost of energy over the 30 year projected life cycle, the projected savings total \$5,200,000; and

WHEREAS, funding is available for this project through a lease financing agreement that would be paid using the savings generated by the work performed; and

WHEREAS, the City may enter into a contract with Aircon Energy, Inc. for the Energy Retrofit Project if the City Council determines that the Energy Retrofit Project is in the best interest of the City and that funds for the repayment of the financing of the equipment will be available from cost savings derived from the installation of the energy conservation equipment.

NOW THEREFORE, BE IT HEREBY RESOLVED, by the City Council of the City of Soledad:

Section 1. The City Council hereby finds that the Energy Retrofit Project is in the best interest of the city and that funds for the repayment of financing of the equipment will be available from cost savings derived from the installation of the energy conservation equipment.

Section 2. The City hereby awards the bid for Construction of the Energy Retrofit Project to Aircon Energy Inc. in an amount not to exceed \$1,248,134.

Section 3. The City Manager is hereby authorized to execute a Contract with Aircon Energy Inc., substantially in the form attached hereto as Exhibit A, and by this reference incorporated herein. Such authorization is contingent upon the City's execution of an Acquisition Fund and Account Control Agreement and a Master Equipment Lease/Purchase Agreement Between Banc of America Public Capital Corporation.

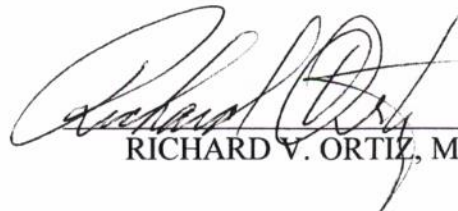
PASSED AND ADOPTED by the City Council of the City of Soledad at a regular meeting duly held on the 6th of August, 2008 by the following vote:

AYES, and in favor thereof, Councilmembers: Martha Camacho, Juan Saavedra, Patricia Stephens, Mayor Pro Tem Christopher Bourke, Mayor Richard Ortiz

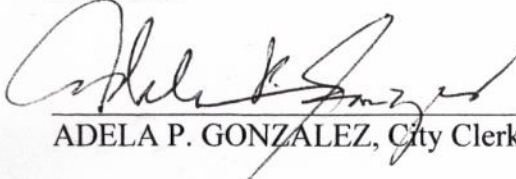
NOES, Councilmembers: None

ABSTAIN, Councilmembers: None

ABSENT, Councilmembers: None


RICHARD V. ORTIZ, Mayor

ATTEST:


ADELA P. GONZALEZ, City Clerk