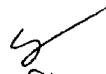


Attachment 4



STAFF REPORT

Meeting Date: April 21, 2015
To: Honorable Mayor & City Council
From: Chad Lynn, Assistant Director of Public Works Services 
Donielle Kahikina, Deputy Director of Operational Support 
Subject: Progress report on energy efficiency projects with Climatec Technologies Group
Attachments: 1. Scope of work Matrix
2. Municipal Case Studies

INTRODUCTION

In 2009 the City published its "City Sustainability Plan." The plan set forth goals of becoming sustainable and stated that it is both a necessity and an opportunity. The first of the Plan's Energy goals is to:

"Develop and implement a comprehensive Energy Conservation Program for City operations that maximizes energy efficiency and the use of renewable energy sources in all City facilities, equipment and operations. When making capital decisions, utilize a lifecycle assessment, which incorporates initial purchase price and projected energy and other costs over each purchase's expected life. Use third party financing where appropriate."

In order to sustain the City's commitment to reducing costs and increasing efficiency in our facilities, staff has been investigating ways to further reduce facility electric expenditures, reduce water usage, and increase efficiency with the help of new technology. The City regularly engages in sustainable energy projects and infrastructure upgrades, including partial interior and exterior lighting retrofits, LED installations and photovoltaic and renewable solar energy generating systems for new construction and upgrades for City facilities. Even with these many projects, new technologies and aging building systems continue to provide opportunities for the City to engage in self-funding energy efficiency upgrades.

In September 2013, the City entered into a 'No Fee' agreement with Climatec Building Technologies Group to perform an Energy Efficiency Study in an effort to identify and implement energy and operational savings under a self-funding, guaranteed savings program. Since that time, Climatec has provided significant investment in the surveying and engineering work to develop and provide specific recommended projects which will meet the City's needs and achieve both improved efficiency and guaranteed savings in an amount equal to or greater than the cost of such projects. These services were

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provided at no cost, and with no expectation of future compensation. In consideration for this work, the City agreed, in good faith, to not engage any other company during this assessment period, and to provide access to the City's energy, gas and water bills for City facilities.

Climatec has delivered a summary of projects which total approximately \$2.9 million in one-time capital costs and a guaranteed savings to fund such projects with an estimated savings of \$5.4 over the life of the new equipment.

The next step in the process is for Climatec to develop and deliver a detailed scope of work, engineering documents, and detailed project specifications. Prior to escalating Climatec's investment in this project, staff wishes to inform the City Council of the intent to bring forward a formal contract for consideration after the completion of the current budget process and start of the new Fiscal Year (FY) (2015/2016) based on these documents and including a formal guarantee of savings. Funding for the capital investment outlined by the Study will be included in FY 15/16 Capital Improvement Program budget for the Council's consideration.

DISCUSSION

Climatec has conducted detailed surveys of specific infrastructure within the City. After surveys were completed, Climatec engaged City staff from multiple departments to make specific recommendations for work and products to meet the City's need, ensure energy efficiency and deliver long-term savings.

The Scope of Work Matrix (Attachment 1) identifies Climatec's summary of building and facility system recommendations in the areas of Lighting, Building Automation Systems (BAS), Heating & Air-Conditioning, Battery Storage and Irrigation systems. These recommendations will provide the following benefits to the City:

- Remedy approx. \$2.9M in city improvement needs
- Decrease operating expenses of approximately \$300,000 in the first year and ongoing
- Save over \$5.4M over the equipment life
- Reduce 3,000,000 lbs./yr. of the City's greenhouse gas emissions
- Broaden the City of Beverly Hills leadership in environmental stewardship

In addition to the benefits listed above, the following green environmental equivalents have been calculated on an annual basis:

- 38,071 trees planted
- 267 cars removed from the road
- 190 homes powered

To help the City achieve its savings and sustainability goals, Climatec has agreed to the following:

- Complete an on-site review of multi-technology energy efficiency opportunities/measures for all City facilities
- Develop a scope of work, engineering, analysis of options, and specifications with estimated savings and rebates for each measure
- Determine the estimated cost to perform each measure from the scope of work.

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- Provide City with a scope of work, formal project completion pricing, and savings analysis of each project for approval to proceed with installation
- Complete and file the necessary pre-installation documentation with SCE to secure the project's rebate commitment
- Arrange with contractors for completion of installation of approved projects.
- Arrange for and manage SCE pre-installation inspection for authorization to proceed with projects
- Conduct installation planning meetings with appropriate City staff.
- Perform project installation and oversight
- Complete post-installation verification that all work was completed according to specifications and that all systems are operating properly
- Arrange for and manage SCE post-installation inspections
- Complete and file SCE post-installation documentation to secure rebates
- Provide, as requested, information regarding ongoing project savings and emissions reductions, to help substantiate "City Sustainability Plan" goals
- Provide a savings and performance guarantee that shall make the City whole if there is a savings shortfall

Upon production of the specific scope of work, engineering documents and detailed specifications, staff intends to bring forward an agreement for consideration in the 2015/2016 Fiscal Year pursuant to Section 4217.10 and 4217.12 of the California Government Code. These code sections provide the authority to enter into an agreement for the specified work, if the City finds that this is in the best interest of the City and that the anticipated costs of the work will be less than the anticipated cost to the City for utility costs absent these projects; simply stated, the projects are self-funded by producing savings that are greater than the cost of the project.

FISCAL IMPACT

At this time there is no cost to the City, and no expectation on the part of Climatec of future compensation. If the project is awarded at a future date, the estimated project cost of \$2,998,161 will be entirely recovered by the savings and utility incentives created by the implementation of the recommended measures. Total project savings over the life of the new equipment is estimated to be \$5,493,381.

Additionally, Climatec has agreed to provide a written financial guarantee that the savings will pay for 100% of the cost of the improvements or Climatec will pay the shortfall to the City.

RECOMMENDATION

This item is for informational purposes only. Unless otherwise directed by the City Council, staff will proceed with this project with Climatec, direct Climatec to create the formal documentation for this project, including the detailed scope of work, engineering and specification documents. Staff will return to the City Council at a future date for consideration of a formal agreement to implement the project.



George Chavez

Approved By