



Legislation Details (With Text)

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Attachments: 1. Letter of Intent - 2017-07.21

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| 8/1/2017 | 1 | Town Commission | adopted | Pass |

Summary

To: Mayor Gary H. Katica & Commissioners

From: JP Murphy

Date: 7/28/2017

Subject:

Consideration of ABM Building Services Letter of Intent

Summary:

Representatives from ABM will be here to discuss an energy performance contracting solution that might help the town with some of its ongoing capital needs through a guaranteed energy savings program. ABM provides the following summary comments: Investment in facilities is needed as buildings continue to age leading to rising operating expenses. A statutory funding mechanism (Florida Statute 489.145) exists to use the savings associated with utility and maintenance cost reduction in order to secure necessary facilities upgrades.

The Letter of Intent sets the criteria that must be achieved in order for the Town to enter into a Guaranteed Energy, Water, and Wastewater Performance Savings Contract. Approval of the Letter of Intent would set in motion an Investment Grade Audit (IGA) by ABM Building Services. The results of the Investment Grade Audit would be presented back to Commission for further deliberation. ..End

Previous Commission Action: The commission previously used a similar program by Green Energy Services that was successful.

Background/Problem Discussion: In Town Hall and the Community Center, several HVAC systems have reached the end of their useful lives. The cost to maintain this equipment is rising due to repeated failures. Also, the utility costs are rising as equipment is less efficient due to age and condition. Similarly, the control systems associated with many of the HVAC Systems have been altered over time due to various issues and costs associated with maintaining a sophisticated system. The systems that were purchased to achieve energy savings have been bypassed, resulting in increased electricity usage.

The cost to maintain facilities will continue to rise, and the conditions will continue to deteriorate unless the current operational plan is changed. A holistic approach is really needed to address the life cycle of city

facilities to properly replace repair and maintain the HVAC Equipment and Control system.

Generally speaking, energy performance contracting utilizes methods that capitally purchase energy saving measures coupled with bonded, guaranteed savings. The program then uses the savings to pay for other infrastructure improvements. The process at a very high level is as follows:

1. Procurement of Investment Grade Audit (IGA)

- a. The Town identifies need to reduce energy costs in its buildings by investing in energy conservation measures (ECM's). The Town intends to enter into a guaranteed energy performance savings contract with a licensed energy performance contractor (EPC) in compliance with F.S. 489.145.
- b. The Town will develop a short analysis of the project that they intend to include into an energy performance contract. This should include but not limited to the scope of the project; age, use, and occupancy of the buildings, and current building equipment.
- c. The Town will seek out an EPC and implement ECM's that will provide the needed energy savings to the Town.
- d. The Town Authorizes Investment Grade Audit
- e. EPC will give a detailed analysis of each energy conservation measure they are proposing, including energy and energy related operating savings. At a minimum, an audit should include current and future energy consumption, projected savings, maintenance costs, simple payback, life cycle costs, building description, analysis methods, and calculations. Assumptions, baselines, and baseline adjustment criteria must be predetermined and agreed upon in the audit. The audit may include all commodity or unit prices.
- f. To provide consistency for review of a future guaranteed energy performance savings contract, the EPC will provide contract schedules A, B, E, and F in the IGA.
- g. A model Audit agreement can be found on the DMS website.
- h. The Town may enter into a separate agreement to pay for the audit, or the cost of the audit may be part of the final contract.

2. The Town negotiates a Guaranteed Energy Performance Savings Contract

3. The Town executes the contract and financing agreement approved by Commission and begins work on ECMs.

Ongoing Measurement and Verification process begins (M and V)

Expenditure Challenges \$18,880 if a savings program is designed per statute, but the town does not move forward..

Financial Implications: If approved, Town will be in a position to later adopt a Guaranteed Energy, Water and Wastewater Performance Savings Contract solution whose financial obligation will be budget neutral. If ABM fails to achieve the stipulations outlined in LOI, the Town will be under no financial obligation to ABM for the costs associated with the preparation of the IGA. If ABM achieves the stipulations outlined in LOI, and the Town does not enter into a Guaranteed Energy, Water, and Wastewater Performance Savings Contract, the Town will be obligated to pay for the cost of engineering associated with the IGA.

Recommendation: I recommend approval. The Finance Board recommended at it's 7/20/17 meeting, approval of the IGA and Letter of Intent..

Proposed Motion Move approval/denial of the ABM Building Services Letter of Intent .