



# CITY COUNCIL

## AGENDA REQUEST

<b>AGENDA OF:</b>	<b>06-15-10</b>	<b>AGENDA REQUEST NO:</b>	<b>III-G</b>
<b>INITIATED BY:</b>	<b>SERENIAH BRELAND <i>SB</i></b> <b>SUPPORT SERVICES DIRECTOR</b>	<b>RESPONSIBLE DEPARTMENT:</b>	<b>SUPPORT SERVICES</b>
<b>PRESENTED BY:</b>	<b>SERENIAH BRELAND <i>SB</i></b> <b>SUPPORT SERVICES DIRECTOR</b>	<b>DEPARTMENT HEAD:</b>	<b>SERENIAH BRELAND <i>SB</i></b> <b>SUPPORT SERVICES DIRECTOR</b>
		<b>ADDITIONAL DEPARTMENT HEAD (S):</b>	<b>NA</b>

<b>SUBJECT / PROCEEDING:</b>	<b>ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT APPROVE PERFORMANCE CONTRACT WITH MCKINSTRY ESSENTION, INC.</b>
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<b>EXHIBITS:</b>	<b>CONTRACT ENGINEERING REPORT</b>
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### CLEARANCES APPROVAL

<b>LEGAL:</b>	<b>EUGENIA CANO</b> <b>ASSISTANT CITY ATTORNEY <i>EAC</i></b>	<b>EXECUTIVE DIRECTOR:</b>	<b>NA</b>
<b>PURCHASING:</b>	<b>TODD REED</b> <b>PURCHASING MANAGER <i>TR</i></b>	<b>ASST. CITY MANAGER:</b>	<b>KAREN GLYNN <i>KG</i></b>
<b>BUDGET:</b>	<b>JENNIFER BROWN <i>JB</i></b> <b>BUDGET &amp; RESEARCH DIRECTOR</b>	<b>CITY MANAGER:</b>	<b>ALLEN BOGARD <i>Allen Bogard</i></b>

### BUDGET

<b>EXPENDITURE REQUIRED: \$</b>	<b>781,400</b>
<b>AMOUNT BUDGETED/REALLOCATION: \$</b>	<b>781,400</b>
<b>ADDITIONAL APPROPRIATION: \$</b>	<b>N/A</b>

### RECOMMENDED ACTION

Staff recommends City Council authorize a performance contract in the amount of \$781,400 with McKinstry Essention, Inc. to implement projects funded by the Energy Efficiency and Conservation Block Grant.

## EXECUTIVE SUMMARY

The City has received approval of our proposed strategy and the full allocation of \$781,400 from the Energy Efficiency and Conservation Block Grant (EECBG) Program. After completing an audit of facilities and engineering review, the City proposes to implement the Energy Efficiency Strategy submitted to the Department of Energy in an effort to improve energy efficiency and reduce electricity consumption in the General Fund.

In a previous City Council workshop, staff was given direction to reallocate funds from a proposed solar project to include more lighting retrofit projects in order to capture greater, more immediate cost savings. Previous annual savings were calculated to be \$58,121, which included solar projects. Due to the elimination of solar projects in the contract scope, savings of \$64,102 per year are guaranteed through the life of the performance contract. This is an increase of \$5,981 over the prior proposal.

As a result, the following projects are included in the Energy Efficiency Strategy and Contract:

### Project I

Interior/Exterior Lighting Improvements at Parks Maintenance Facility, Community Center, Fire Administration and Annex, Fire Stations 2-6, Police and Courts Facility, and Public Works.

Interior/Exterior Lighting Improvements include replacement of light fixtures with T8 lamps and electronic ballast for increased energy efficiency. Some interior lights will be replaced with CFL lamps replacing incandescent lamps in existing fixtures. Occupancy sensors will be installed in specific areas so that lights turn off if a room is not in use. Exterior lights using mercury vapor lamps will be replaced with HID (high intensity discharge) lamps which do not have a long strike time (warm-up) and use less electricity than the current mercury vapor lamps.

Project cost is budgeted at \$540,053 with savings of \$28,615 per year.

### Project II

Energy and Facility Management Control Systems Upgrades at Police/Courts Facility.

Energy and Facility Management Control Systems Upgrades at the Police Department/Municipal Court building will include re-commissioning of the existing energy management system. The system modifications will reduce the amount of outside air pulled into the building while maintaining adequate ventilation for occupants. This lowers the overall cooling load. The upgrades will also allow for more precise temperature control and regulation throughout the building. This enhances the comfort level of building occupants.

Project cost is budgeted at \$241,347 with savings of \$35,486 per year.

Staff has worked with McKinstry Essention, Inc. to develop a performance contract for the implementation of these projects. The performance contract is terminated 15 years from the date of guaranteed cost savings or when total guaranteed savings of \$781,400 are met, whichever comes earlier. The contractor may credit against annual cost savings in future years if savings exceed the \$64,102 in any one year.

Should savings fail to meet the \$64,102 annual threshold, McKinstry will either reimburse the City directly for the shortage or replace equipment to meet required performance. The City retains the authority to choose either equipment repair or reimbursement.

The use of a performance contract did require a review by a third party. A review was completed and the attached letter submitted by Burns DeLatte & McCoy, Inc. validating the findings as provided by McKinstry Essention, Inc.

The timeframe for this agreement includes 90 days for the implementation of the projects. Upon completion, the energy savings guarantee will then be tracked and evaluated per contract.

The Support Services Department recommends the City Council authorize a performance contract in the amount of \$781,400 with McKinstry Essention, Inc. to implement projects funded by the Energy Efficiency and Conservation Block Grant

## EXHIBITS

**CITY OF SUGAR LAND  
ENERGY SAVINGS PERFORMANCE CONTRACT**

**I. General Information and Terms.**

Contractor’s Name and Address:     McKinstry Essention, Inc.  
  13465 Midway Road, Suite 322  
  Dallas, TX 75244

Description of Services/Work:        Design, construction, implementation, commissioning, and performance measurement of energy efficiency and conservation projects

Maximum Contract Amount:         (1) Lump sum amount of \$768,446 and contingency amount of \$12,954 for Work, funded out of the EECBG

  (2) Services—Annual amounts as shown in Table 4.4 of Contractor’s attached Proposal

Effective Date: On the latest date of the dates executed by both parties.

Termination Date: Earlier of (i) May 17, 2025 or (ii) The date the Total Guaranteed Cost Savings are met

Contract Parts: This Contract consists of the following parts:

- I. GENERAL INFORMATION AND TERMS
- II. SIGNATURES
- III. Definitions
- IV. Standard Contractual Provisions
- V. Additional Terms or Conditions
- VI. Additional Contract Documents

**II. SIGNATURES. BY SIGNING BELOW, THE PARTIES AGREE TO THE TERMS OF THIS CONTRACT:**

**CITY OF SUGAR LAND**

**CONTRACTOR:**

\_\_\_\_\_  
City Manager or Assistant City Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed for Legal Compliance:

May 7, 2010

Ms. Sereniah Breland  
Support Services Director  
City of Sugar Land  
2700 Town Center Blvd. N.  
Sugar Land, TX 77479

Dear Sereniah:

In accordance with our agreement, we have reviewed the Directed Energy Study generated by McKinstry dated 3-23-10. The purpose of our review was to validate McKinstry's findings related to 13 separate potential energy saving strategies, and to advise whether following McKinstry's proposed plan of action is recommended.

In general we believe McKinstry's report uses sound engineering practices. The methodology used by McKinstry follows the same methods used by BDMI when we perform work of a similar nature. While our agreement does not cover a complete audit of the calculations performed as part of McKinstry's study, the general magnitude of electricity and dollar savings falls within the expected range for projects of this sort. We therefore see no reason to dispute this study as inaccurate.

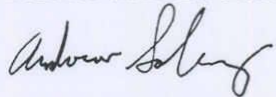
I spoke with Ezra Purdy and his team at McKinstry regarding two areas of concern. First, I asked if the proposed outside air reset of the chilled water temperature at the Police and Courts building could negatively impact data rooms, electrical rooms and other 24 hour operations. Ezra stated that the bulk of the 24 hour cooling is on its own D/X system independent of the chiller system; those few incidental electrical rooms are expected to have a reduced load during off-hour conditions, allowing these spaces to remain conditioned appropriately when chilled water is reset. Second, I asked if the proposed lighting retrofit of the Police and Courts building was factored into the anticipated HVAC load savings. Ezra stated that it was not, and that this added savings was regarded as additional safety factor for the building's aggregate energy improvement.

These responses fully address my concerns. I therefore see no reason not to recommend this study and its findings to the City of Sugar Land.

Thanks for the opportunity to be of assistance.

Sincerely,

BURNS DeLATTE & McCOY, INC.



Andrew J. Solberg, PE, LEED AP  
Vice President