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**Title:** Actions pertaining to the City Hall and Municipal Services Center (MSC) energy savings and sustainability capital improvement projects: (Council District 3)

1. Adopt findings of Categorical Exemptions pursuant to Sections 15301(c), 15301(d), and 15301(e) of the California Environmental quality Action Guidelines
2. Approve a design build agreement with Alliance Building Solutions, Inc., in the amount of \$5,555,258 for an Energy Efficiency Program and equipment, including but not limited to efficient lighting, air-conditioning and control and monitoring systems, roof replacement, elastomeric coating, and solar panels for implementation of certain energy related and sustainability services
3. Approve a Solar Power Purchase Agreement with Fresno Street Solar Project 2019, LLC., for City Hall
4. Approve a Solar Power Purchase Agreement with El Dorado Street Solar Project 2019, LLC., for the MSC
5. Approve a Solar Energy System Lease Agreement with Fresno Street Solar Project 2019, LLC.,
6. Approve a Solar Energy System Lease Agreement with El Dorado Street Solar Project 2019, LLC., and
7. Authorize the City Manager to enter into a Financing Agreement for the City Hall and MSC Energy Efficiency Project for a rate not to exceed 2.95%

**Sponsors:** Public Works Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Energy Efficiency Program (City Hall MSC) rev, 2. 19-11447 Scope of Work rev, 3. 19-11447 Design Build Agt - Alliance, 4. 19-11447 Solar PPA with Fresno Street Solar Project 2019, LLC, 5. 19-11447 Solar PPA with El Dorado Street Solar Project 2019, LLC, 6. 19-11447 Solar Energy System Lease Agreement with El Dorado Street Solar Project 2019, LLC, 7. 19-11447 Solar Energy System Lease Agreement with Fresno Street Solar Project 2019, LLC

Date	Ver.	Action By	Action	Result
11/7/2019	1	City Council		continued

**REPORT TO THE CITY COUNCIL**

**November 7, 2019**

**FROM:** SCOTT L. MOZIER, PE, Director  
Public Works Department

**THROUGH:** BILL HERR, Assistant Director  
Public Works Department

**BY:** ANN D. KLOOSE, Division Manager  
Public Works Department

ROBIN O'MALLEY, Division Manager  
Public Works Department

## **SUBJECT**

Actions pertaining to the City Hall and Municipal Services Center (MSC) energy savings and sustainability capital improvement projects: (Council District 3)

1. Adopt findings of Categorical Exemptions pursuant to Sections 15301(c), 15301(d), and 15301 (e) of the California Environmental Quality Act Guidelines
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7. Authorize the City Manager to enter into a Financing Agreement for the City Hall and MSC Energy Efficiency Project for a rate not to exceed 2.95%

## **RECOMMENDATIONS**

Staff recommends the Council adopt the environmental findings, approve the Resolution(s) and Purchase Power Agreement (PPA), and award the Energy Services Contract in substantially the form attached for the City Hall and Municipal Services Center (MSC) energy savings and sustainability capital improvement projects; authorize the City Manager to enter into a Financing Agreement, not to exceed 2.95%; and authorize the City Manager or designee to sign the attached agreements, on behalf of the City of Fresno.

## **EXECUTIVE SUMMARY**

Staff recommends that the City Council award an Energy Services Contract to Alliance Building Solutions, Inc. (ABS) for the purpose of providing a turn-key, full service approach to implementing capital improvement projects at City Hall and the MSC which will include upgrades to lighting to convert to LED efficient lighting, air-conditioning (HVAC) and system controls and monitoring, roof replacement, elastomeric deck coatings, lighting controls, and solar panels for implementation of a robust list of energy related and sustainability services. Additionally, staff shall continue to negotiate the most favorable financing plan and execute an agreement on behalf of the City.

## **BACKGROUND**

This request for Council approval is in follow up to a commitment by the Public Works Department to identify opportunities to save energy, reduce operational costs and replace aging infrastructure. The PW Facilities Management Division issued a Request for Qualification (RFQ) to solicit qualified Energy Service Companies (ESCOs) for assistance in analyzing energy efficiency opportunities that would result from energy savings, and provide a turn-key service including evaluation, design, construction and financing. This process resulted in responses from nine firms and panel interviews were held with three finalists. The successful vendor was Alliance Building Solutions (ABS), Inc. who provided a comprehensive proposal that accomplishes the ambitious energy saving goals of the City.

This project as presented in the attached slide presentation has an extensive scope of work to include LED upgrades to internal and external lighting, lighting controls in Council Chambers, air-conditioning (HVAC), replacement of evaporative coolers, system controls and monitoring, roof replacement, elastomeric deck coatings and solar panels. Additionally, in appreciation for the business, ABS will be converting all the lights at the historic Fresno Water Tower to remote controlled LEDs at no additional cost to the City.

The total project cost is \$5.5 million, with a total project savings of \$10.5 million over the life of the contract. This proposal comes with a performance guarantee which minimizes risk and does not require out of pocket capital investment by the city to initiate the program. The reason is, energy savings are projected at \$3.2 million, operational & maintenance savings at \$1.4 million, combined with the solar generation offsets at \$5.8 million. Moreover, the City's ability to secure favorable financing provides us with this great opportunity. The energy performance contract guarantee means, if the energy savings do not meet the projection, ABS will write the City a check to make sure the projected savings are met and paid out to the City each year.

The City Council has also expressed an interest in continuing the efforts to install solar at City facilities. The Purchase Power Agreement (PPA) accomplishes this and provides an estimated \$5.8 million in energy bill savings during the 25-year life of the agreement.

The project team has secured an interest rate as part of the turn-key service of 2.95% and are continuing to identify even lower rates and financing options. This includes additional On Bill Financing (OBF) from PG&E at 0% interest which significantly improves the total program costs and the financial cash flow to the City. Upon securing the best possible financing option, the City Manager or designee will execute the required documents to fund the project.

## **ENVIRONMENTAL FINDINGS**

Staff has performed a preliminary environmental assessment of this project and has determined that it falls within the Categorical Exemption set forth in CEQA Guidelines Section 15301(c), 15301(d), and 15301, which exempts the repair, maintenance, or minor alteration of existing structures or facilities, with no further expansion of existing use. Furthermore, staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2 apply to this project.

## **LOCAL PREFERENCE**

Local preference did not apply because the RFQ was based on a qualitative analysis not based solely on price, because this is a design build project.

## **FISCAL IMPACT**

There will be no impact to the General Fund. All proposed costs for the loan repayment will be paid back through the savings achieved by the reduction in energy costs due to the efficiency projects and the generation of solar which will aid in offsetting the cost of the project and improvements.

### Attachment(s):

Attachment 1 - Energy Efficiency Program (City Hall & MSC)

Attachment 2 - Scope of Work

Attachment 3 - Design Build Agreement - Alliance Building Solutions, Inc.

Attachment 4 - Solar PPA with Fresno Street Solar Project 2019, LLC.

Attachment 5 - Solar PPA with El Dorado Street Solar Project 2019, LLC.

Attachment 6 - Solar Energy System Lease Agreement with Fresno Street Solar Project 2019, LLC.

Attachment 7 - Solar Energy System Lease Agreement with El Dorado Street Solar Project 2019, LLC.