



Legislation Details (With Text)

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On agenda:	2/10/2022	Final action:		2/10/2022	
Title:	<p>Actions pertaining to the PARCS and Public Safety facilities energy efficiency savings and sustainability capital improvement projects (Citywide):</p> <ol style="list-style-type: none">1. Adopt findings of Categorical Exemptions pursuant to Sections 15301(c), 15301(d), and 15301(e) of the California Environmental Quality Action Guidelines2. Award a Design Build contract to Alliance Building Solutions, Inc. (ABS), for \$17,947,480, for an Energy Efficiency Program and equipment, including but not limited to LED efficient lighting, HVAC upgrades and replacements, system controls and monitoring, and transformer upgrades for implementation of energy and sustainability services3. Authorize the City Manager or designee to enter into an On-Bill Financing (OBF) 0% loan agreement with Pacific Gas and Electric (PG&E) not to exceed \$1,757,712.194. Approve the Resolution authorizing the City Manager or designee to enter into a 15-year financing agreement not to exceed \$17,947,480 with Alliance Funding Solutions, Inc., for the energy efficiency projects at a rate not to exceed 2.62%				
Sponsors:	Public Works Department, Parks, After School, Recreation and Community Serv				
Indexes:					
Code sections:					
Attachments:	1. 22-218 Design Build Agreement – Alliance Building Solutions, Inc., 2. 22-218 Financing Authorization Resolution, 3. 22-218 Citywide PARCS and Public Safety Projects Map, 4. Supplement_Feb10th_22-218_ABS_Public Comments				

Date	Ver.	Action By	Action	Result
2/10/2022	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

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

AARON A. AGUIRRE, Director
Parks, After School, Recreation and Community Services Department

BY: WILLIAM C. HERR, Assistant Director
Public Works Department, Facilities and Construction Management Divisions

ANN KLOOSE, Sustainability Manager
Public Works Department, Sustainability Division

SUBJECT

Actions pertaining to the PARCS and Public Safety facilities energy efficiency savings and sustainability capital improvement projects (Citywide):

1. Adopt findings of Categorical Exemptions pursuant to Sections 15301(c), 15301(d), and 15301

- (e) of the California Environmental Quality Action Guidelines
2. Award a Design Build contract to Alliance Building Solutions, Inc. (ABS), for \$17,947,480, for an Energy Efficiency Program and equipment, including but not limited to LED efficient lighting, HVAC upgrades and replacements, system controls and monitoring, and transformer upgrades for implementation of energy and sustainability services
 3. Authorize the City Manager or designee to enter into an On-Bill Financing (OBF) 0% loan agreement with Pacific Gas and Electric (PG&E) not to exceed \$1,757,712.19
 4. Approve the Resolution authorizing the City Manager or designee to enter into a 15-year financing agreement not to exceed \$17,947,480 with Alliance Funding Solutions, Inc., for the energy efficiency projects at a rate not to exceed 2.62%

RECOMMENDATIONS

Staff recommends the City Council adopt the environmental findings, award the Design Build Contract to ABS for Energy Services in substantially the form attached for the PARCS and Public Safety energy savings and sustainability capital improvement projects; authorize the City Manager or designee to enter into financing agreement(s) to include a 15-year term not to exceed 2.62% and PG&E OBF Financing at 0%; 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 a Design Build Contract to ABS for the purpose of providing a turn-key, full service approach to implementing capital improvement projects at PARCS and Public Safety facilities which will include upgrades to lighting to convert to LED efficient lighting, HVAC upgrades and replacements, system controls and monitoring, lighting controls, and transformer upgrades 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 the completion of the City Hall and Municipal Service Center (MSC) energy efficiency projects approved by Council in November 2019. The Public Works Department continues its commitment to identify opportunities to save energy, stabilize energy bills, reduce operational costs, and replace aging infrastructure. The next phase of energy efficiency projects required is initiating the City's Request for Qualifications (RFQ) process. The Sustainability Division, in close coordination with staff from Facilities Management, Construction Management, Public Utilities, Police, Fire and PARCS, issued an RFQ to solicit qualified Energy Service Companies (ESCOs) to establish a Qualified Vendors List (QVL) for assistance in analyzing energy efficiency opportunities at PARCS and Public Safety facilities that would benefit from energy savings, and provide a turn-key service including evaluation, design, construction and financing. This process resulted in Statement of Qualifications (SOQ) responses from 11 firms. The SOQs were carefully evaluated to determine which vendors successfully understood the City's goals and were most closely aligned with the City's strategies of energy efficiency, upgrading facilities, reducing costs, and creating local jobs. The RFQ Selection Committee of eight included City staff from Public Works, Police, PARCS, DPU and PG&E. Following a comprehensive RFQ Committee evaluation and interview process, four firms were placed on the QVL. Staff selected ABS as the vendor to engage for service because they consistently received the highest overall rating by members of the selection

committee and their demonstrated success of the City Hall and MSC projects.

This project as presented to Council during the January 27, 2022 Workshop has an extensive scope of work at 73 City sites to include interior and exterior LED lighting upgrades, HVAC upgrades and replacements, system controls and monitoring, and transformer upgrades. Additionally, energy savings will provide for two mobile backup generators that can be used at select Fire and Police facilities that currently do not have back up generation capabilities. Project locations include City parks, City operated community centers, and eligible City-owned Fire and Police facilities, totaling 71 sites. Two additional facilities were included in the scope of work, the Veterans Memorial Auditorium and the Metropolitan Museum building.

The overall total project construction cost is \$17,937,480, with a total project savings of \$23 million in energy bill savings over the life of the agreement. Equally important are the environmental attributes which amount to 3.5 million kilowatt hours (kWh) saved annually, and is equivalent to taking 539 gas powered vehicles off the road every year or powering nearly 300 homes annually. This staff recommendation aligns with the City's GHG Reduction Plan (Climate Action Plan) Municipal Strategies section 5.1.7 which targets GHG emissions generated at City facilities and operations. The policy strategy is to "improve energy efficiency in City owned facilities and operations" for the purpose of reducing the City's GHG emissions.

Department	Number of Sites	Capital Cost	City Admin Costs
Parks & Veterans Mem	47	\$10.8 million	\$ 1,020,591
Police	5	\$3 million	\$89,000
Fire	19	\$4 million	\$147,000
The Met (& Veteran's Admin)	2	\$120,000	\$81,000

This proposal also comes with a performance guarantee which minimizes risk and does not require out of pocket construction capital investment by the City to initiate the program. The energy performance contract guarantee means, if the energy savings that can be used to pay off the loan do not meet the projections, ABS will write the City a check to make sure the projected savings are met and paid out to the City each year. The energy projects at City Hall and the MSC are currently performing well and exceeding the energy savings goals and requirements.

The project team has secured a 2.62% interest rate as part of the turn-key service which has been guaranteed by Alliance Funding Solutions, Inc., until February 15, 2022. Additionally, the project team has worked with PG&E and gained pre-approval for \$1,757,712.19 in On-Bill Financing (OBF) at 0% interest which improves the total program costs and at qualified locations provides for a quicker payoff. Upon securing the financing options described, the City Manager or designee will execute the required documents to fund the project.

In addition to the critical work toward reducing the energy we use and purchase from PG&E is the goal of increasing renewable generation. The solar component of this phase of projects includes onsite solar at Fire Headquarters and up to six park sites with the most substantial energy load. The solar project proposals will be before Council for consideration of approval within 60 days and will provide additional environmental benefits, PG&E utility bill savings, and rate stabilization.

The City Attorney's Office has reviewed and approved all associated items as to form.

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 does not apply because the RFQ was issued seeking a design build and was based on a qualitative analysis not based solely on price. However, the contractor ABS has previously hired and trained local workers during Phase 1 projects and will continue to do so during this next phase. The contract includes a requirement to include locally sourced labor during construction.

FISCAL IMPACT

The impact to the General Fund is limited to the City staff costs related to administration, project management and construction management, which are not eligible for traditional energy financing programs. These costs, projected at \$1,337,591 will be funded by converting \$317,000 in the Sustainability Division's budget from Climate Action Planning to Climate Action Plan Implementation. The remaining \$1,020,591 will be funded by using \$220,591 of current FY 2022 PARCS General Fund appropriations, with the balance of \$800,000 will be included in the proposed FY2023 Budget. Multi-year capital improvement projects generally include initial appropriations in the first year, with the remaining appropriations required for the project including in the following fiscal year(s).

There will be no impact to the General Fund for the contract construction costs. All proposed construction and permitting costs in the proposed contract award will be paid back through the savings achieved by the reduction in energy costs due to the efficiency projects, which will offset the cost of the project and improvements.

Attachments:

Design Build Agreement - Alliance Building Solutions, Inc.
Financing Authorization Resolution
Citywide PARCS and Public Safety Projects Map