



## AGENDA MEMORANDUM

First Reading for the City Council Meeting of February 25, 2013  
Second Reading for the City Council Meeting of March 18, 2014

**DATE:** February 20, 2014

**TO:** Ronald L. Olson, City Manager

**THRU:** Gus Gonzalez, P. E., Assistant City Manager of Public Works and Utilities  
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**Execute Amendment No. 2 for Energy Services, Phase 2**  
To the Fixed Price Energy Performance Contract for  
Energy Efficiency Conservation Retrofit for Major City Facilities

### **CAPTION:**

**Ordinance appropriating \$32,326.50 from AEP Program Incentives in the No. 3160 City Hall CIP Fund for the Energy Efficiency Conservation Retrofit for Major City Facilities Project; changing the FY 2014 Capital Improvement Budget adopted by Ordinance No. 029916 to increase revenues and expenditures by \$4,982,326.50 each; and authorizing the City Manager, or designee, to execute Amendment No. 2 to the Fixed Price Energy Performance Contract with McKinstry Essention of Seattle, Washington for Energy Efficiency Conservation Retrofit for Major City Facilities, Phase 2 in the amount of \$7,709,502, for a total re-stated fee of \$14,724,124.28.**

### **PURPOSE:**

The purpose of this Agenda Item is to execute Amendment No. 2 for Energy Services with McKinstry Essention for Phase 2 of the Energy Efficiency Conservation Retrofit for work associated with Phase 2 energy audit and retrofit assessment of major City Facilities.

### **BACKGROUND AND FINDINGS:**

In April of 2010, the City of Corpus Christi received \$2,507,500.00 in direct allocation Energy Efficiency and Conservation Block Grant (EECGB) funds from the U.S. Department of Energy as part of the American Recovery and Reinvestment Act. The City selected McKinstry Essention through Request for Proposal (RFP) 2010-06 as a working partner to implement a multi-phase energy savings program that would not only reduce energy consumption but upgrade the energy infrastructure in city-owned facilities and pay for those upgrades from the very savings they were creating.

Energy Services Phase 1 was completed and audited in 2013 and before proceeding to development of Phase 2.

Phase 2 includes implementing a comprehensive strategy to continue to reduce energy and water consumption as well as complete a city-wide Building Automation System at city-owned facilities at a cost of \$7,709,592. Energy and water efficiency applications will be implemented at 76 facilities, including City Hall, Police and Municipal Courts, the Science and Art Museums, Libraries, Community Centers, Fire Stations, American Bank Convention Center, Park and Recreation facilities, Marina, Gas Department, Water Department and City Administration's Frost Bank. Project scope includes:

- City-Wide Building Automation System
- City-Wide Lighting Efficiency Upgrades
- City-Wide Facility Envelope Renovations
- Re-Commissioning of Existing Mechanical Systems
- Water Conservation Replacement and Repair
- Retro Commissioning of Existing Chilled Water Storage System

As with Phase 1, the Phase 2 Performance Guarantee requires that energy (electricity, natural gas and water), maintenance and operations savings will pay for the project scope, interest associated with financing and the ongoing measurement and verification over 15 years.

A copy of Amendment No. 2 contract scope is attached for information.

**ALTERNATIVES:**

1. Execute Amendment No. 2 to the Energy Services contract with McKinstry Essention as proposed.
2. Do not execute Amendment No. 2 to the Energy Services contract with McKinstry Essention as proposed (Not Recommended).

**OTHER CONSIDERATIONS:**

The savings will be guaranteed by McKinstry as part of the Performance Contract. A performance audit will be conducted annually to verify the annual energy savings. McKinstry will pay the cost difference if projected savings are not realized. A total energy and operational savings of \$617,812 annually is projected.

**CONFORMITY TO CITY POLICY:**

The contract complies with the City's procurement policies and state procurement law.

**EMERGENCY / NON-EMERGENCY:**

Not applicable

**DEPARTMENTAL CLEARANCES:**

General Services

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year 2013-2014</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$8,982,326.50		\$8,982,326.50
Encumbered/Expended Amount		\$0.00		\$0.00
This item		\$7,709,592.00		\$7,709,592.00
Future Anticipated Expenditures This Project		\$1,261,166.84		\$1,261,166.84
BALANCE		\$11,567.66		\$11,567.66

Fund(s): Energy Efficiency Certificates of Obligation

**Comments:** This Amendment will result in the expenditure of an amount not to exceed \$7,709,592. Funds and expenditures associated with Phase 2 improvements are shown above.

**RECOMMENDATION:**

City Staff recommends the approval of Amendment No. 2 with McKinstry Essention.

**LIST OF SUPPORTING DOCUMENTS:**

- Project Budget
- Amendment No. 2
- Ordinance
- Presentation
- Certification of Funds