



AGENDA MEMORANDUM

First Reading for the City Council Meeting of April 23, 2013
Second Reading for the City Council Meeting of April 30, 2013

DATE: April 8, 2013

TO: Ronald L. Olson, City Manager

FROM: Daniel Biles, P. E., Director of Engineering Services
danb@cctexas.com
(361) 826-3729

Execute Amendment No. 1 Technical Energy Audit
to the Fixed Price Energy Performance Contract Design/Build Agreement
Energy Efficiency Conservation Retrofit for Major City Facilities

CAPTION:

Ordinance appropriating \$40,389 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 2013 Capital Improvement Budget adopted by Ordinance No. 029565 to increase revenues and expenditures by \$40,389 each; and authorizing the City Manager, or designee, to execute Amendment No. 1 Technical Energy Audit to the Fixed Price Energy Performance Contract (Design/Build) with McKinstry Essention of Seattle, Washington for Energy Efficiency Conservation Retrofit for Major City Facilities in the amount of \$125,000, for a total re-stated fee of \$7,075,000.

PURPOSE:

The purpose of this Agenda Item is to execute Amendment No. 1 with McKinstry Essention for Energy Efficiency Conservation Retrofit for work associated with Phase 2 energy audit and retrofit assessment of major City Facilities.

BACKGROUND AND FINDINGS:

Phase 2 requires the City to conduct energy audits and retrofits of selected Municipal Buildings and Selected Facilities and Infrastructure. This continues to be part of the \$2,507,500.00 grant received from the Energy Efficiency and Conservation Block Grant Program. McKinstry Essention was selected to undertake an audit of City facilities based on the Request for Proposals released in November 2010 (RFP No. 2010-06). City Council was given a presentation on April 19, 2011 regarding the contract with McKinstry Essention to proceed with a technical audit of City facilities, and the future Energy Performance Contract to retrofit major City facilities. That contract was a no-cost contract subject to the City entering the Energy Performance contract for facilities when the cost of the retrofit could be paid for with the realized energy savings. The facilities to be audited in Phase 2 include:

- Gas Department
- Water Utilities Department
- Police Training Academy
- Northwest Library
- Frost Bank Building

- HEB Tennis Center
- Fire Station No. 10
- Fire Station No. 3

The Energy Performance Contract represents a fixed price Design/Build contract. McKinstry Essention is acting as the design engineer and contractor. They have solicited proposals from sub-contractors for the electrical, mechanical, controls and other retrofits. McKinstry Essention functions as the general contractor. They supply the insurance certificates, payment and performance bond required for all construction projects.

The detailed technical audit for the overall project revealed that significant energy savings could be achieved with a ten year payback of the retrofit costs. The savings were analyzed in terms of energy savings, and other operational maintenance reductions. The range of savings items include:

- High efficiency hand dryers
- Lighting improvements
- Water conservation
- Vending machine power management
- HVAC equipment and controls systems upgrades

The list includes equipment that is at the end of its service life that will require replacement, or system redesigns. Work being done in the Gas Department, Water Utilities Department, and Police Training require 8-15 years to achieve payback through the energy and operational savings. The project will replace air conditioning units, installing programmable thermostats and redesigning existing air distribution systems. Water Conservation measures on all the listed facilities will provide an 8-15 year payback. Retrofitting existing fixtures will save on water and sewer costs.

ALTERNATIVES:

1. Execute Amendment No. 1 with McKinstry Essention as proposed.
2. Do not execute Amendment No. 1 with McKinstry Essention as proposed.

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 based on Kwh usage. A total energy and operational savings of \$782,722.00 annually is projected.

It is anticipated that a future contract amendment (Energy Performance Contract) will be presented for City Council consideration should the Phase 2 audit identify retrofit opportunities that achieve significant energy savings.

CONFORMITY TO CITY POLICY:

Amendment No. 1 complies with the Professional Procurement Act and City Policy.

EMERGENCY / NON-EMERGENCY:

Not applicable

DEPARTMENTAL CLEARANCES:

Affected Departments participated in the audit process, development of the project scopes, and concur with proceeding with the execution of Amendment No. 1.

FINANCIAL IMPACT:☐ Operating☐ Revenue☒ Capital☐ Not applicable

Fiscal Year 2012 - 2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$7,392,041.93		\$7,392,041.93
Ordinance		40,389.00		40,389.00
Subtotal		\$7,432,430.93		\$7,432,430.93
Encumbered/Expended Amount		\$7,280,397.99		\$7,280,397.99
This item		\$125,000.00		\$125,000.00
Future Anticipated Expenditures This Project				
BALANCE		\$27,032.94		\$27,032.94

Fund(s): City Hall CIP Fund

Comments: Amendment No. 1 will result in the expenditure of an amount not to exceed \$125,000.**RECOMMENDATION:**

City Staff recommends the approval of Amendment No. 1 with McKinstry Essention.

LIST OF SUPPORTING DOCUMENTS:

Project Budget
Location Map
Amendment No. 1
Ordinance