



# Performance Based Contracts - Update

December 13<sup>th</sup>, 2022





# Overview

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Staff will be requesting to negotiate contracts with vendors and bring forward to council



# Background

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- On September 25<sup>th</sup>, 2018, council voted to enter a linking agreement with Midstate Energy for Energy Performance Contracting Services
- On October 8<sup>th</sup>, 2019, council voted to enter a linking agreement with McKinstry for Energy Performance Contracting Services
- On March 23<sup>rd</sup>, 2021, council discussed the benefit of Performance Based Contracting and preliminary assessments.
- On June 8<sup>th</sup>, 2021, authorized staff to proceed with investment grade audits for Energy Performance Contracting Services with Midstate Energy and McKinstry LLC
- On October 25<sup>th</sup>, 2022, council discussed the investment grade audit results and project scopes.



# Energy Saving Performance Contracts Process

Council approval in October of 2019

## Preliminary Assessment

Identifies locations, systems, measures



Council approval in June of 2021

## Investment Grade Audit

Measures identified, quantified



Council Approval Required

## Performance Contract

Includes guaranteed savings



# Total Performance Based Contract Summary

	<b>Preliminary Assessment (2021)</b>	<b>Investment Grade Audit (2022)</b>
<b>Project 1 and 2 total cost</b>	\$7,965,255	\$10,042,479
<b>Total Annual Energy Saving</b>	\$527,066	\$478,487
<b>Total Capital Contribution</b>	\$2,175,000	\$1,976,617
<b>Total Project Cost minus Capital Contribution</b>	\$5,790,255	\$8,065,862
<b>Total Payback without Capital Contribution</b>	15.1 years	21 years
<b>Total Payback with Capital Contribution</b>	11 years	16.9 years



# Council Questions

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**Q: Was maintenance included in the solar cost?**

**A: Yes.** There is 3 years of solar maintenance included in the cost, plus inverter replacements built in at year 15. This does not include cleaning because that is an operational service and does not fit the definition of capital.



# Council Questions

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**Q: What is the estimated O&M savings?**

A: Estimated savings is \$84,000 annually



# Council Questions

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**Q: Did staff check with other cities/organizations?**

**A: Yes. After the October workshop we reached out and got information for the following organizations.** City of Phoenix, AZ, City of Boulder, CO, ASU Downtown, ASU Tempe, Phoenix Convention Center, Town of Payson, AZ, City of Ogden, UT, Jefferson County, CO, City of Ballwin, MO, City of Florissant, MO, City of Maplewood, MO, City of North Vernon, IN, City of O'Fallon, MO, City of Perryville, MO, City of Richmond Heights, MO, City of Washington, MO, City of Ferguson, MO, City of Noblesville, IN and City of Austin, TX.



# City of Austin Comparison



## PROJECT SUMMARY FOR 13 BUILDINGS

**\$10.1M** Total Self-funded Project Cost

**\$425,000** Annual Utility Savings

**\$170,000** Annual O&M Savings

**\$220,000** Utility Rebates to the City of Austin

**16.6 years** Simple Payback



## PROJECT SUMMARY FOR 20+ BUILDINGS

**\$10.043M** Total Self-funded Project Cost

**\$478,487** Annual Utility Savings

**\$84,000** Annual O&M Savings

**\$50,000** Potential Rebates to the City of Glendale

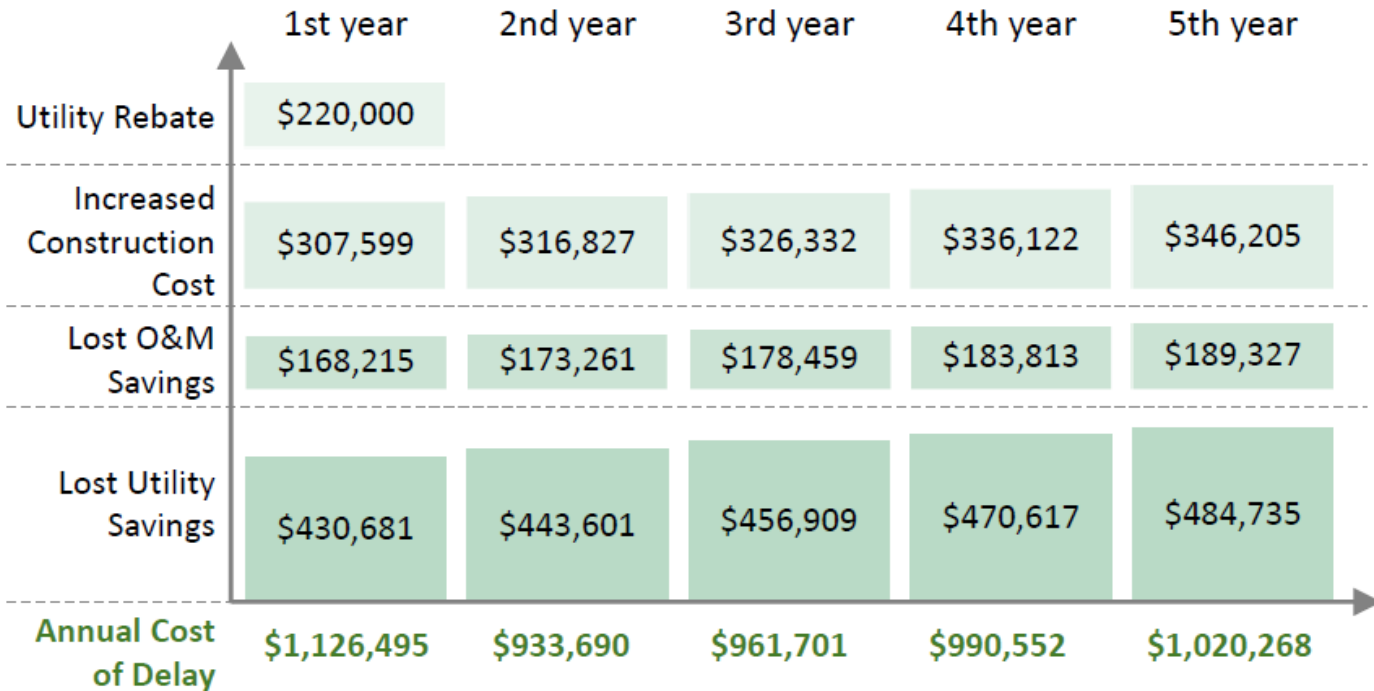
**16.9 years** Simple Payback on new requested funds





# City of Austin Comparison

## COST OF INACTION





## Next Step

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- Staff to negotiate a contract for each vendor for council approval.
  - It is the goal to present contracts with the budget request and demonstrate that it will not impact planned capital projects