

# City Council Agenda Item Memo

**From:** Jared Thomas, Chief Building Official

**Council Meeting:** July 23, 2024

**Subject:** Resolution 24-022: Energy Savings Performance Contract with Ameresco.

**Presenter:** Jared Thomas, Chief Building Official

## **Summary:**

Staff recommends approval of this Resolution authorizing the City Manager to sign all required documentation to enter into an energy savings performance contract with Ameresco. The contract with Ameresco will be provided through Interlocal Purchasing System (TIPS), contract #220104 with an estimated cost of \$3.356 M.

## **Background:**

An energy savings performance contract is an agreement between a facility owner and a performance contractor. The contractor identifies, designs, and installs energy conservation measures (ECMs) and guarantees their performance. Performance contracts are structured so the payment for financing the ECMs is recovered from the energy cost saving those measures create.

South Dakota Codified Law; 1-33B Energy Performance Contracts, allows municipalities a procurement tool to combine multiple comprehensive infrastructure improvements into one turn-key project.

In the summer of 2023, the City of Brookings partnered with Ameresco with a goal to develop a sustainable project through implementation of ECMs bundled with facility improvement measures (FIMs). The first step in the process was to provide an annual energy and maintenance cost avoidance savings assessment for all buildings. The assessment identified utility rates, ECMs, and facility needs through investigation and discussion with staff. This preliminary information was used to confirm an energy savings performance project exists.

In December of 2023, Ameresco began an investment grade energy audit of all facilities to start building a scope of work. The final result includes upgrades to capital equipment, improvements to maintenance of existing facilities, and reduced energy use and cost.

## **Item Details:**

The final scope of work includes:

1. Interior LED lighting upgrades to all facilities listed in the scope of work.

2. HVAC equipment upgrades at the East Fire Station, the Larson Ice Center and the Dacotah Bank Center. These projects were all identified in the City's 5-year Capital Improvement Plan.
3. Windows / Exterior Doors upgrades at the Larson Ice Center and the Dacotah Bank Center. These projects were all identified in the City's 5-year Capital Improvement Plan.
4. Fire Alarm at the Larson Ice Center. This was identified in the City's 5-year Capital Improvement Plan.
5. Roof Replacement at the East Fire Station. This was identified in the City's 5-year Capital Improvement Plan.

**Legal Consideration:**

City Attorney Britzman will review the final contract when it is available.

**Strategic Plan Consideration:**

Fiscal Responsibility – An energy performance contract which upgrades City facilities to more energy efficient lighting satisfies one of the objectives identified in Goal 2 of the Strategic Plan.

Sustainability – Interior LED lighting, HVAC equipment upgrades and upgrades to windows / exterior doors will have measurable energy savings over the life of the equipment. Most of this equipment is at the end of its useable life and replacement now will save costly emergency repairs in the future.

**Financial Consideration:**

A self-financed energy performance contract allows the City to realize savings to the annual operating budget, as well as an opportunity to advance other Capital Improvement Plan projects all under 1 project.

**Options and Recommendations:**

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval.

**Supporting Documentation:**

Resolution

Proposal

Interlocal Purchasing System (TIPS)