



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: City Council Will Consider Authorizing an Assessment of the City's Facility Infrastructure Energy Needs to Potentially Achieve Savings

MEETING DATE: March 2, 2021

RECOMMENDATION:

The City Council will consider authorizing an assessment of the City's facility infrastructure energy needs in order to determine potential savings and/or provide other direction as it deems necessary.

BACKGROUND:

There are currently two companies offering to provide the contemplated services with similar terms, ABM Building Solutions (ABM) and Syserco Energy Solutions (SES). City Council may direct staff to enter into a letter of intent and professional services agreement with ABM and/or SES, and/or take any other action deemed appropriate by the City Council.

In November 2019, the City of Commerce authorized ABM Building Solutions (ABM) to conduct a preliminary assessment of City-owned facilities, through its Bundled Energy Solutions (BES) Program at no cost to the City of Commerce. The BES Program is a comprehensive infrastructure reinvestment program with the purpose of identifying energy consuming equipment and infrastructure improvements that will maximize facility efficiency and occupant comfort while reducing operating expenses at the City's facilities. The BES Program utilizes California procurement legislation that allows this type of design-build project focused on energy conservation, under California Government Code 4217.10-18.

Included in the study were Atlantic Library, Greenwood Library, Bandini Park, Bristow Park, Rosewood Park / Aquatic Center, Senior Center, Teen Center, and Veterans Park. City Hall, Transportation and the North Annex were not included in the study due to the City's plans to relocate City Hall and Transportation and the pending demolition and transfer of the North Annex to City Ventures to build housing.

ANALYSIS:

As part of ABM’s initial proposal, they included a cost of \$60,000 should the City of Commerce opt not to move forward with ABM’s recommended improvements. City Council did not authorize said cost and directed staff to request a revised proposal eliminating the \$60,000 “breakup” fee, in order to reconsider ABM’s proposal. Since staff’s request, ABM has provided a revised proposal eliminating the breakup fee to satisfy City Council’s request.

During this time, staff was contacted by Syserco Energy Solutions (SES), a seemingly reputable company who offers the same types of services as ABM. Similar to ABM, SES proposes to assess the City's facility infrastructure needs in an effort to provide safe, reliable, energy efficient and sustainable facility operation. Their proposal also does not include a “breakup” fee in the event the City does not move forward with their recommended improvements.

The following table provides the project parameters for each consultant.

PROJECT PARAMETERS	ABM	SES
Budget Impact	Project must be budget neutral requiring no capital contribution from the City unless the City desires to contribute capital for additional non-budget neutral projects.	Project must be budgeted neutral or better for the City.
Annual Savings	Annual energy and operational savings must meet annual project costs at minimum for budget neutral projects.	Must meet annual project costs at minimum.
Energy Services	100% of energy savings goes directly to the City. Savings is not shared with ABM.	100% energy savings goes directly to the City of Commerce. Savings is not shared with SES or others.
Project Funding	The City shall qualify for 3rd party financing through a Tax-Exempt Municipal Lease or another financing vehicle acceptable to the City.	The City shall qualify for 3rd party financing or equivalent. SES shall provide multiple funding options.
Financing Term	x	Shall not exceed 20 years or the useful life of the proposed upgrades, whichever is shorter.
Rebate/Grant Application	ABM shall include the management and application of all available grants and rebates all of which go to the City.	Program shall include management of all grants and rebates.
Procurement Method	Procurement shall meet provisions of California Government Code 4217.10 et. Seq.	Procurement shall meet provisions of California Government Code 4217.
Project Term	The Letter of Intent shall be effective for a term of six (6) months from the date of its execution. It is understood and agreed that the Parties may extend the term in writing by mutual agreement.	The City shall agree to work exclusively with SES throughout the Project Development effort and for a term of 240 calendar days from the date of issuing a Letter of Intent.

Both ABM and SES are qualified energy services consultants and are being presented for City Council consideration. If the City Council directs staff to move forward with ABM or SES to assist with the financial feasibility of the upgrades through a detailed engineering study known as an Investment Grade Audit, Staff will come back at a later date to present a Letter of Intent and will enter into a professional services between the City and the selected consultant.

Both ABM and SES have been asked to take into account the various unknown factors related to the City's future operations in light of the numerous real estate matters still unsettled in terms of future City sites. If the City Council decides to move forward with the project presented at this time, doing so prior to fully reopening our facilities does provide an advantage.

ALTERNATIVES:

1. Authorize staff to draft Letter of Intent (LOI) for a Design and Engineering Phase Study and enter into a professional services between the City and ABM; or
2. Authorize staff to draft Letter of Intent (LOI) for a Design and Engineering Phase Study and enter into a professional services between the City and SES; or
3. Politely decline both offers at this time based on the various unknown factors related to how the City's services will be housed in the next several years and beyond; or
4. Direct staff to take any action deemed appropriate by the City Council.

FISCAL IMPACT:

No fiscal impact at this time.

RELATIONSHIP TO STRATEGIC GOALS:

The issue before the Council is consistent with the Capital Improvement Projects, Principle 2 of the City's Strategic Action Plan: "develop and implement a sustainable Capital Improvement Program (CIP) to ensure the quality of existing infrastructure and support future plans for the City."

Reviewed by: Vilko Domic, Assistant City Manager
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENTS:

1. ABM Power Point Presentation
2. SES Power Point Presentation
3. ABM Letter of Intent
4. SES Letter of Intent