

STAFF REPORT
City of Lancaster

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11/08/11
MVB

Date: November 8, 2011

To: Mayor Parris and City Council Members

From: Robert W. Greene, Parks, Recreation and Arts Director
Jason Caudle, Deputy City Manager

Subject: **Acceptance of Energy Services Upgrades with Johnson Controls, Inc.**

Recommendation:

Accept the work performed by Johnson Controls, Inc. (JCI), providing Energy Services Upgrades and infrastructure improvements throughout a variety of City facilities.

Fiscal Impact:

It is estimated that over the fifteen (15) year term of the contract the City will save a net estimated \$430,000 in energy costs. In addition, the City has received \$4.6 million in new infrastructure improvements as identified in the agreement. This has been accomplished by the following means:

1. Approximately \$1.4 million was received in American Recovery and Reinvestment Act (ARRA) funding and the remaining \$3.2 million was secured through low interest leases through the California Energy Commission (CEC) and operating lease.
2. Johnson Controls, Inc. facilitated the implementation and completion of this project.
3. The total projected energy savings over the term of the project is anticipated to be approximately \$5.71 million. The City then compensated JCI and is repaying the financing through the City's projected energy cost savings in the approximate amount of \$5.28 million over the term of the project.

The City did not expend capital funds to complete the project as outlined in the terms of the contract.

Background:

At the City Council meeting of October 25, 2011, Council Member Johnson requested this item be continued to the November 8, 2011 meeting to allow time for further review of the information.

In May of 2009, the City began a Request for Qualifications (RFQ) process to determine potential energy saving opportunities throughout various City facilities. Under RFQ No. 533-09 - Energy Services Company, eight companies submitted portfolios for consideration. Five companies were invited to give presentations detailing their energy saving concepts and capabilities. Through this process, JCI was ultimately chosen as the vendor for this project.

At the December 8, 2009 meeting, the City Council approved the contract with Johnson Controls, Inc. (JCI) to facilitate energy savings projects throughout many City facilities and parks. This project included: renovation / replacement of the HVAC System at Lancaster City Hall sports lighting at Clear Channel Stadium, and various projects at City facilities and parks including: interior and exterior lighting upgrades; water conserving low flow plumbing devices and fixtures; irrigation weather station installations; and solar water heating.

Lancaster was awarded \$1,358,800 in ARRA funds for the purpose of energy efficiency retrofit projects. The balance of the project cost was financed through a combination of low interest loans through the CEC and a low interest lease.

At the August 10, 2010 meeting, the City Council appropriated \$1,358,800 in American Recovery & Reinvestment Act funds to account 383-11EE001924 and increased estimated revenues in Account No. 383-3402702 by the same amount. Also, an additional \$3,277,660 in lease proceeds was appropriated to Account No. 101-11EE001924, and increased estimated revenues in Account No. 101-3650101, for the purposes of funding this project.

BW:jzs