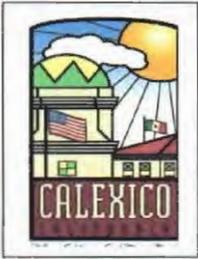


AGENDA
ITEM

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AGENDA STAFF REPORT

DATE: September 4, 2019

TO: Mayor and City Council

APPROVED BY: David Dale, City Manager *DD*

PREPARED BY: David Dale, City Manager

SUBJECT: Memorandum of Understanding (MOU) with Climatec for
Developing an Infrastructure Modernization Program

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Recommendation:

Approve an MOU with Climatec for Developing an Infrastructure Modernization Program.

Background/Discussion:

To help relieve pressure on the City's capital and General Fund budgets, Staff is exploring alternative solutions for funding and implementing comprehensive energy and water infrastructure modernizations throughout City owned buildings, parks and enterprise facilities.

The objectives of the program are:

- 1) Implement infrastructure improvements that will reduce operating expenditures
- 2) Leverage alternative funding sources to relieve capital budget pressure
- 3) Reduce strain on Staff time & resources
- 4) Reduce electrical load of facilities before converting to solar to allow for proper system sizing
- 5) Use Smart City and other sustainable technology to improve services for residents and local businesses while attracting development

The potential scope of work will include the potential modernization of antiquated heating & cooling equipment, building automation systems, LED lighting, street lighting modernizations, Smart City technology, water & wastewater infrastructure improvements, and other cost-savings measures to help contain the encroachment of rising utility and maintenance expenditures on the General Fund.

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Staff intends to explore budget-neutral funding sources that can be used to supplement and stretch the impact of our capital improvement budget in 2019/2020. Some of the funding sources that other public agencies in Imperial County are using to fund similar infrastructure modernization programs include:

- Utility incentives
- Municipal Lease Purchase Financing
- California Energy Commission (CEC) programs
- State grants & loan programs

Based on a demonstrated track record of helping other California public agencies achieve similar objectives, Staff is recommending approval of an MOU to work with Climatec, a design/build energy services company who can help develop and identify funding for an Infrastructure Modernization Program. Development of the program will take approximately six to eight weeks.

Once the preliminary scope of work and funding plan are developed, Staff will schedule a presentation and information session with Council to review the findings. Based on Council's feedback, the scope of work and funding plan will be finalized and brought forward for Council to consider implementation of the program at the end of 2019 or early 2020.

The method of procurement for the design/build program is California Government Code Section 4217. This is a procurement statute that allows public agencies maximum ease & flexibility when completing energy efficiency programs by allowing the City to contract directly with an energy services firm so long as the savings pay for the cost of program.

Fiscal Impact:

There is no cost associated with developing the program. Climatec would charge a 5% fee for program implementation once the finalized scope of work and funding plan are formally approved by Council. The fee would be paid through the alternative funding sources, not from the General Fund, which means there would be no out of pocket cost for the City at any point in the development or implementation process.

Coordinated with:

City Attorney.

Attachment:

1. MOU with Climatec
2. Climatec Presentation



MEMORANDUM OF UNDERSTANDING

RE: Investment Grade Assessment for City of Calexico Infrastructure Modernization Program

The City of Calexico ("the City") is seeking the completion of an Investment Grade Assessment (IGA) with the intent to design and implement a comprehensive infrastructure modernization program. To relieve pressures on the City's capital and General Fund budgets, the City seeks to address energy, gas and water infrastructure improvements that may be funded through State, Federal and local funding programs; municipal financing; utility budget savings; utility incentives and / or other grants.

Climatec is hereby authorized to proceed with an IGA for all City-owned facilities to identify infrastructure improvements that may be eligible for the subject alternative funding.

In support of developing the IGA, the City agrees to:

- Provide Climatec with utility expenditure information and signed utility release forms
- Facilitate interviews with key staff members
- Provide access to the City's master plans and engineering studies
- Provide access to City owned facilities
- Schedule a study session to present the IGA findings and recommendations to the City Council

In response, Climatec agrees to:

- Complete a baseline analysis of the City's energy, gas, water and maintenance expenditures
- Conduct an ASHRAE Level II Investment Grade Assessment of the City's infrastructure
- Develop a prioritized, turnkey scope of work for modernizing buildings, parks, water plants, and street lighting with the incorporation of renewable energy solutions where feasible (i.e. solar)
- Identify alternative funding sources for implementing the program without the use of General Fund or capital expenditures
- Provide the above services at no cost obligation to the City

If Climatec develops a comprehensive program that meets the needs of the City, Staff agrees to recommend Climatec for Council approval as the program implementer. The method of procurement for the program will be California Government Code 4217.10 thru 4217.18. In the event that the City does not proceed with Climatec as the project implementer, it is agreed that the IGA report and findings will remain the property of Climatec.

It is understood and agreed that the relationship of Climatec to the City shall be that of an independent contractor. Nothing contained herein or inferable herefrom shall be deemed or construed to (1) make Climatec the agent, servant, or employee of the City, or (2) create any partnership, joint venture, or other association between the City and Climatec. Any direction or instruction by the City in respect of the work shall relate to the results the City desires to obtain from the work, and shall in no way affect Climatec LLC's independent contractor status described herein.

City of Calexico

Climatec LLC

DATE: _____

DATE: _____

SIGNED: _____

SIGNED: _____

PRINT NAME: _____
NAME: _____
TITLE: _____

PRINT
TITLE: _____

