File

AGENDA

Municipal Facilities Committee Meeting
Thursday, February 25, 2010
6:00 p.m. – 7:30 p.m.
City Hall North Conference Room

CALL TO ORDER

OLD BUSINESS

NEW BUSINESS

1. Selection of Chair
2. Review list of issues remanded to the Municipal Facilities Committee by the City Council
3. Investment Grade Energy Audit – Grant Fredricks
4. Beach Park – Patrice Thorell
   a. Construction briefing
   b. Funding issues
   c. Future management
5. Marina – Joe Dusenbury
   a. Construction briefing
   b. Commercial development briefing
6. Future meetings

Memorandum

Date: December 3, 2009

To: City Manager

From: Parks, Recreation and Senior Services Director and Finance Director

Re: Des Moines Beach Park Capital Improvement Projects

Purpose:

The purpose of this memorandum is to provide information for City Council discussion and decision on funding priorities to complete the rehabilitation projects necessary for Des Moines Beach Park reuse.

It is the City's intent to rehabilitate and maintain the existing features (buildings and grounds) within the Des Moines Beach Park to restore the site as an integral community asset, maximize public utilization, attract tourism and generate revenues to fund a portion (to be determined) of the park's maintenance and operations costs.

Discussion:

The rehabilitated Des Moines Beach Park- Covenant Beach Historic District buildings provide a great venue for community celebrations, wedding ceremonies and receptions, non-profit & service club events, corporate meetings and trade shows and performing and visual arts shows. Upon rehabilitation of the park's nine buildings and grounds, this resource has the capability to draw thousands of visitors and generate adequate revenues to cover direct operational costs. There is great potential to form public/private partnerships for the operations and marketing of Beach Park facilities to increase exposure and reduce city costs.

The Des Moines Beach Park includes buildings that contribute to the National Historic District and those that are non-contributing to the national designation. Both types of park buildings have contributed to the site's history and are necessary for full future utilization of the site. Environmentally sensitive as well as developed park grounds are also very important features of the site and must be improved for site safety and aesthetics.

The City may approach park rehabilitation in many ways. The current approach is to rehabilitate buildings and grounds in a phased manner as funds are available. Concerns with this approach are 1) buildings repaired and put back into service will not have the needed support facilities to maximize use and revenue generation, and 2) the poor condition of other park assets and ongoing construction disruptions will deter potential users and delay tourism opportunities.

The following are examples of how the facilities interact with each other:

Auditorium and Sun Home Lodge: The Auditorium provides 6,000 sq.ft. event space with restrooms and a stage to accommodate groups of 250 to 400 but it lacks a kitchen or catering space and preparation areas or meeting rooms necessary for many large events such as weddings and festivals. The Sun Home Lodge located adjacent to the Auditorium provides 2,400 sq. ft. of activity space with a kitchen, restrooms and the meetings rooms the Auditorium lacks. These two spaces work well together as a unit for large catered events needing these amenities. The Auditorium will be available for use in late summer 2010, the Sun Home Lodge will reopen in late 2013.

Dining Hall, Founders Lodge and Picnic Shelter: The Dining Hall provides 4,000 sq.ft. event space with minimal restrooms, catering kitchen and classroom to seat groups up to 100. The Picnic Shelter provides a covered outdoor space for events up to 75 people, however there are no restrooms available for users. The Founders Lodge provides 3,000 usable sq. ft. downstairs with a small kitchenette and single use restrooms. Additional meeting rooms and restrooms are located within the building but cannot be rented due to needed repairs.

Traditionally, large groups renting the Dining Hall also have rented the adjacent Picnic Shelter and/or Founders Lodge facilities. These three spaces work individually and together depending on the event. The Dining Hall will be open for business in late 2011, the Picnic Shelter will reopen in late 2014. There are no funds programmed to make needed repairs to the Founders Lodge which features the sites best views of Puget Sound.

Historic Cabins and Caretaker Cottage: The Carlson Cabin located at the park's entrance and the caretakers cabin at the park's turnaround have served as housing for park caretakers to assist with site security, maintenance and operations. The cabins are in disrepair and can no longer serve that purpose. The park has suffered increased vandalism in the past year since the resident caretaker moved out. The roadside and sports cabins located along the north edge of the meadow are deteriorating at a fast pace, have become an eyesore and need to be repaired in the near future or they will be lost. There are currently no funds programmed to make any of these needed repairs.

Needed Beach Park Capital Projects:

Below is an overview of the rehabilitation projects currently funded or identified in the 2010-2015 Des Moines Capital Improvement Plan (MCI) with the use of Real Estate Excise Tax (REET) or Other Local Revenues (OLR). Also included is a list of additional unfunded projects identified in the 2004 Des Moines Beach Park Guidance and Advocacy Report and in the 2010 Parks, Recreation and Senior Services Master Plan that will need to be addressed in the near future due to deterioration.

Des Moines Beach Park Rehabilitation Projects currently funded in 2010-2015 MCI

<u>Renovations to Historic and Non-Historic Buildings</u>	<u>City Funding</u>
Auditorium ($182,469 REET, $310,000 OLR in 2009-2010)	$492,469
Dining Hall ($443,646 REET, $15,000 OLR in 2010-2011)	$458,646
Sun Home Lodge ($309,939 OLR in 2012-2013)	$309,939
Picnic Shelter ($193,122 OLR in 2014)	$193,122
Total CIP Projects Funded	**$1,454,176**

Des Moines Beach Park Rehabilitation Projects currently unfunded in 2010-2015 MCI

Replace Play Equipment Area ($148,400- unfunded)	$148,400
Total CIP Projects Unfunded	**$148,400**

Des Moines Beach Park Rehabilitation Projects not currently in 2010-2015 MCI (these projects are identified in the Beach Park Conservation and Advocacy Report and 2010 Parks, Recreation and Senior Services Master Plan)

Renovations to Founder's Lodge	$200,000
Renovations to historic and non-historic cabins/cottages	$300,000
Renovations to restrooms building	$450,000
Replace wood bridge and overlook repairs	$200,000
Promontory bulkhead replacement	$550,000
Residential building demolish	$80,000
Park grounds vegetation management	$25,000
Park lawn/irrigation system repair	$50,000
Total Non-Prioritized Projects	**$1,855,000**

Beach Park Capital Projects Completion Options:

A. Continue with current CIP 2010-2015 funding plan to complete the rehabilitation of the Auditorium in 2010, Dining Hall in 2011, Sun Home Lodge in 2013, Picnic Shelter in 2014. Play Equipment is identified in the 2014 CIP as unfunded.

   This option provides for the phased rehabilitation of four of the nine existing buildings in the park, however, it delays the City's ability to optimize park use and revenue generation. This plan does not provide funds for other park buildings or park grounds that need repair for public use, to protect the assets or to improve site aesthetics.

   This option is currently funded, no additional funding needed.

B. Accelerate current CIP 2010-2015 funding plan to complete the rehabilitation of the Auditorium and Sun Home Lodge in 2010, Dining Hall and Picnic Shelter in 2011. Play Equipment is identified in the 2014 CIP as unfunded.

   This option provides for the phased rehabilitation of four of the nine existing buildings in the park and improves the City's ability to optimize park use and revenue generation. This plan does not provide funds for other park buildings or park grounds that need repair for public use, to protect the assets or to improve site aesthetics.

   This option would require additional funding of $310,000 for the Sun Home Lodge in 2010 and $193,122 for the Picnic Shelter in 2011.

C. Create a funding plan to complete the phased rehabilitation of the nine existing park buildings and park grounds that need repair for public use, to protect the assets or to improve site aesthetics. This plan improves the City's ability to optimize park use and revenue generation.

   This option would require additional funding of up to $2,965,107 for multiple building rehabilitation and park grounds projects.

Beach Park Capital Projects Completion Funding Options:

- Direct any remaining un-expended Auditorium project funds at project completion in summer 2010 (provides up to $73,000 MCI funds in 2010-11 depending on contingency expenditures).
- Delay payment of Des Moines Creek Modifications Schedule C from MCI to SWM until future years (provides additional $72,000 MCI funds in 2010).
- Reduce MCI transfer of $200,000 to Transportation CIP fund (provides $200,000 MCI funds each year).
- Redirect Park Lifecycle funds to Beach Park projects (provides $36,650 MCI funds in 2012, $36,650 in 2013 and $61,650 in 2014).
- Use Councilmanic Bonding Authority to complete projects to be repaid from REET over 10 or 20 years (See Attachment A- Bond Schedules*).
- Ask voter approval for Capital Bonds to be paid over 10 or 20 years (See Attachment A-Bond Schedules*).
- Use Tax Credit funding which requires a 40 year public/private partnership (additional research is needed on this option).
- Ask voter approval for an Excess Levy.
- Ask Metropolitan Park District to propose a voted initiative to fund Beach Park improvements and maintenance and operations.

* Bond Schedules have been prepared for the following three options:

Option 1: Corresponds with Beach Park Capital Projects Completion Option B to accelerate current CIP 2010-2015 funding plan for the rehabilitation of Sun Home Lodge, Picnic Shelter and Play Equipment.

Option 2: Corresponds with Beach Park Capital Projects Completion Option B to accelerate current CIP 2010-2015 funding plan for the projects listed in Option A with the addition of the Dining Hall.

Option 3: Corresponds with Beach Park Capital Projects Completion Option C to complete the phased rehabilitation of park buildings (Dining Hall, Sun Home Lodge, Picnic Shelter, Founders Lodge, Cabins and Cottages), and park grounds (Wood Bridge, Overlooks, Bulkhead, Play Equipment, Park Grounds Vegetation Management, Lawn Irrigation System Repairs and Building Demolish).

Conclusion:

As identified above, there are many unfunded capital needs that will need to be addressed at the Des Moines Beach Park in the short term. Staff recommends that based on City Council priorities, projects that have potential for revenue generation are completed as expeditiously as possible. The above menu of funding options whether initiated individually or in combination offer ways to complete the necessary renovations.

Beach Park Option 1		2009 AV:	2,731,145,059	$0.019262	Cost per $1,000 AV for Ave Annual Debt Svc
Bond Schedule					
Issue Date:	12/01/10		Net Proceeds	651,700.00	
Issue Size	665,000.00				
Term	20 Yrs		Project Costs	309,939.00	Sun Home Lodge
Add'l Interest				193,122.00	Picnic Shelter
Debt Reserve	-			148,400.00	Play Equipment
Issuance Costs	13,300.00	2.0000%		-	
Bond Insurance	-	0.0000%		651,461.00	Required Net Proceeds
				239.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Ppal %
12/01/2010						665,000.00	
06/01/2010			15,162.50	15,162.50		665,000.00	
12/01/2011	20,000.00	2.750%	15,162.50	35,162.50	50,325.00	645,000.00	3.244%
06/01/2011			14,887.50	14,887.50		645,000.00	
12/01/2012	20,000.00	3.000%	14,887.50	34,887.50	49,775.00	625,000.00	3.382%
06/01/2012			14,587.50	14,587.50		625,000.00	
12/01/2013	25,000.00	3.300%	14,587.50	39,587.50	54,175.00	600,000.00	3.520%
06/01/2013			14,175.00	14,175.00		600,000.00	
12/01/2014	25,000.00	3.500%	14,175.00	39,175.00	53,350.00	575,000.00	3.658%
06/01/2014			13,737.50	13,737.50		575,000.00	
12/01/2015	25,000.00	3.700%	13,737.50	38,737.50	52,475.00	550,000.00	3.796%
06/01/2015			13,275.00	13,275.00		550,000.00	
12/01/2016	25,000.00	3.850%	13,275.00	38,275.00	51,550.00	525,000.00	4.003%
06/01/2016			12,793.75	12,793.75		525,000.00	
12/01/2017	30,000.00	4.000%	12,793.75	42,793.75	55,587.50	495,000.00	4.141%
06/01/2017			12,193.75	12,193.75		495,000.00	
12/01/2018	30,000.00	4.150%	12,193.75	42,193.75	54,387.50	465,000.00	4.348%
06/01/2018			11,571.25	11,571.25		465,000.00	
12/01/2019	30,000.00	4.350%	11,571.25	41,571.25	53,142.50	435,000.00	4.486%
06/01/2019			10,918.75	10,918.75		435,000.00	
12/01/2020	30,000.00	4.500%	10,918.75	40,918.75	51,837.50	405,000.00	4.693%
06/01/2020			10,243.75	10,243.75		405,000.00	
12/01/2021	35,000.00	4.650%	10,243.75	45,243.75	55,487.50	370,000.00	4.900%
06/01/2021			9,430.00	9,430.00		370,000.00	
12/01/2022	35,000.00	4.800%	9,430.00	44,430.00	53,860.00	335,000.00	5.176%
06/01/2022			8,590.00	8,590.00		335,000.00	
12/01/2023	35,000.00	4.900%	8,590.00	43,590.00	52,180.00	300,000.00	5.383%
06/01/2023			7,732.50	7,732.50		300,000.00	
12/01/2024	40,000.00	5.000%	7,732.50	47,732.50	55,465.00	260,000.00	5.659%
06/01/2024			6,732.50	6,732.50		260,000.00	
12/01/2025	40,000.00	5.050%	6,732.50	46,732.50	53,465.00	220,000.00	5.866%
06/01/2025			5,722.50	5,722.50		220,000.00	
12/01/2026	40,000.00	5.100%	5,722.50	45,722.50	51,445.00	180,000.00	6.142%
06/01/2026			4,702.50	4,702.50		180,000.00	
12/01/2027	45,000.00	5.150%	4,702.50	49,702.50	54,405.00	135,000.00	6.418%
06/01/2027			3,543.75	3,543.75		135,000.00	
12/01/2028	45,000.00	5.200%	3,543.75	48,543.75	52,087.50	90,000.00	6.763%
06/01/2028			2,373.75	2,373.75		90,000.00	
12/01/2029	45,000.00	5.250%	2,373.75	47,373.75	49,747.50	45,000.00	7.039%
06/01/2029			1,192.50	1,192.50		45,000.00	
12/01/2030	45,000.00	5.300%	1,192.50	46,192.50	47,385.00	-	7.384%
	665,000.00		387,132.50	1,052,132.50	1,052,132.50		
	Average Annual Debt Service				52,606.63		

Beach Park Option 1 | 2009 AV: 2,731,145,059 | $0.030082 Cost per $1,000 AV for Ave Annual Debt Svc

Bond Schedule

Issue Date:	12/01/10		Net Proceeds	651,700.00	
Issue Size	665,000.00				
Term	10 Yrs		Project Costs	309,939.00	Sun Home Lodge
Add'l Interest				193,122.00	Picnic Shelter
Debt Reserve	-			148,400.00	Play Equipment
Issuance Costs	13,300.00	2.0000%		-	
Bond Insurance	-	0.0000%		651,461.00	Required Net Proceeds
				239.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	%
12/01/2010						665,000.00	
06/01/2010			12,545.25	12,545.25		665,000.00	
12/01/2011	55,000.00	2.750%	12,545.25	67,545.25	80,090.50	610,000.00	8.260%
06/01/2011			11,789.00	11,789.00		610,000.00	
12/01/2012	57,000.00	3.000%	11,789.00	68,789.00	80,578.00	553,000.00	8.612%
06/01/2012			10,934.00	10,934.00		553,000.00	
12/01/2013	60,000.00	3.300%	10,934.00	70,934.00	81,868.00	493,000.00	8.963%
06/01/2013			9,944.00	9,944.00		493,000.00	
12/01/2014	62,000.00	3.500%	9,944.00	71,944.00	81,888.00	431,000.00	9.315%
06/01/2014			8,859.00	8,859.00		431,000.00	
12/01/2015	64,000.00	3.700%	8,859.00	72,859.00	81,718.00	367,000.00	9.666%
06/01/2015			7,675.00	7,675.00		367,000.00	
12/01/2016	68,000.00	3.850%	7,675.00	75,675.00	83,350.00	299,000.00	10.194%
06/01/2016			6,366.00	6,366.00		299,000.00	
12/01/2017	70,000.00	4.000%	6,366.00	76,366.00	82,732.00	229,000.00	10.545%
06/01/2017			4,966.00	4,966.00		229,000.00	
12/01/2018	74,000.00	4.150%	4,966.00	78,966.00	83,932.00	155,000.00	11.072%
06/01/2018			3,430.50	3,430.50		155,000.00	
12/01/2019	76,000.00	4.350%	3,430.50	79,430.50	82,861.00	79,000.00	11.424%
06/01/2019			1,777.50	1,777.50		79,000.00	
12/01/2020	79,000.00	4.500%	1,777.50	80,777.50	82,555.00	-	11.951%
	665,000.00		156,572.50	821,572.50	821,572.50		
	Average Annual Debt Service				82,157.25		

Beach Park Option 2

Bond Schedule

2009 AV: 2,731,145,059 — $0.032929 Cost per $1,000 AV for Ave Annual Debt

Issue Date:	12/01/10		Net Proceeds	1,112,300.00	
Issue Size	1,135,000.00				
Term	20 Yrs		Project Costs	458,646.00	Dining Hall
Add'l Interest				309,939.00	Sun Home Lodge
Debt Reserve	-			193,122.00	Picnic Shelter
Issuance Costs	22,700.00	2.0000%		148,400.00	Play Equipment
Bond Insurance	-	0.0000%		1,110,107.00	Required Net Proceeds
				2,193.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
12/01/2010						1,135,000.00
06/01/2010			25,876.25	25,876.25		1,135,000.00
12/01/2011	35,000.00	2.750%	25,876.25	60,876.25	86,752.50	1,100,000.00
06/01/2011			25,395.00	25,395.00		1,100,000.00
12/01/2012	40,000.00	3.000%	25,395.00	65,395.00	90,790.00	1,060,000.00
06/01/2012			24,795.00	24,795.00		1,060,000.00
12/01/2013	40,000.00	3.300%	24,795.00	64,795.00	89,590.00	1,020,000.00
06/01/2013			24,135.00	24,135.00		1,020,000.00
12/01/2014	40,000.00	3.500%	24,135.00	64,135.00	88,270.00	980,000.00
06/01/2014			23,435.00	23,435.00		980,000.00
12/01/2015	45,000.00	3.700%	23,435.00	68,435.00	91,870.00	935,000.00
06/01/2015			22,602.50	22,602.50		935,000.00
12/01/2016	45,000.00	3.850%	22,602.50	67,602.50	90,205.00	890,000.00
06/01/2016			21,736.25	21,736.25		890,000.00
12/01/2017	45,000.00	4.000%	21,736.25	66,736.25	88,472.50	845,000.00
06/01/2017			20,836.25	20,836.25		845,000.00
12/01/2018	50,000.00	4.150%	20,836.25	70,836.25	91,672.50	795,000.00
06/01/2018			19,798.75	19,798.75		795,000.00
12/01/2019	50,000.00	4.350%	19,798.75	69,798.75	89,597.50	745,000.00
06/01/2019			18,711.25	18,711.25		745,000.00
12/01/2020	55,000.00	4.500%	18,711.25	73,711.25	92,422.50	690,000.00
06/01/2020			17,473.75	17,473.75		690,000.00
12/01/2021	55,000.00	4.650%	17,473.75	72,473.75	89,947.50	635,000.00
06/01/2021			16,195.00	16,195.00		635,000.00
12/01/2022	60,000.00	4.800%	16,195.00	76,195.00	92,390.00	575,000.00
06/01/2022			14,755.00	14,755.00		575,000.00
12/01/2023	60,000.00	4.900%	14,755.00	74,755.00	89,510.00	515,000.00
06/01/2023			13,285.00	13,285.00		515,000.00
12/01/2024	65,000.00	5.000%	13,285.00	78,285.00	91,570.00	450,000.00
06/01/2024			11,660.00	11,660.00		450,000.00
12/01/2025	65,000.00	5.050%	11,660.00	76,660.00	88,320.00	385,000.00
06/01/2025			10,018.75	10,018.75		385,000.00
12/01/2026	70,000.00	5.100%	10,018.75	80,018.75	90,037.50	315,000.00
06/01/2026			8,233.75	8,233.75		315,000.00
12/01/2027	75,000.00	5.150%	8,233.75	83,233.75	91,467.50	240,000.00
06/01/2027			6,302.50	6,302.50		240,000.00
12/01/2028	75,000.00	5.200%	6,302.50	81,302.50	87,605.00	165,000.00
06/01/2028			4,352.50	4,352.50		165,000.00
12/01/2029	80,000.00	5.250%	4,352.50	84,352.50	88,705.00	85,000.00
06/01/2029			2,252.50	2,252.50		85,000.00
12/01/2030	85,000.00	5.300%	2,252.50	87,252.50	89,505.00	-
	1,135,000.00		663,700.00	1,798,700.00	1,798,700.00	
	Average Annual Debt Service				89,935.00	

Beach Park Option 2 | 2009 AV: 2,731,145,059 | $0.051329 Cost per $1,000 AV for Ave Annual Debt Svc

Bond Schedule

Issue Date:	12/01/10		Net Proceeds	1,112,300.00	
Issue Size	1,135,000.00				
Term	10 Yrs		Project Costs	458,646.00	Dining Hall
Add'l Interest				309,939.00	Sun Home Lodge
Debt Reserve	-			193,122.00	Picnic Shelter
Issuance Costs	22,700.00	2.0000%		148,400.00	Play Equipment
Bond Insurance	-	0.0000%		1,110,107.00	Required Net Proceeds
				2,193.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	%
12/01/2010						1,135,000.00	
06/01/2010			21,401.25	21,401.25		1,135,000.00	
12/01/2011	95,000.00	2.750%	21,401.25	116,401.25	137,802.50	1,040,000.00	8.260%
06/01/2011			20,095.00	20,095.00		1,040,000.00	
12/01/2012	100,000.00	3.000%	20,095.00	120,095.00	140,190.00	940,000.00	8.612%
06/01/2012			18,595.00	18,595.00		940,000.00	
12/01/2013	100,000.00	3.300%	18,595.00	118,595.00	137,190.00	840,000.00	8.963%
06/01/2013			16,945.00	16,945.00		840,000.00	
12/01/2014	105,000.00	3.500%	16,945.00	121,945.00	138,890.00	735,000.00	9.315%
06/01/2014			15,107.50	15,107.50		735,000.00	
12/01/2015	110,000.00	3.700%	15,107.50	125,107.50	140,215.00	625,000.00	9.666%
06/01/2015			13,072.50	13,072.50		625,000.00	
12/01/2016	115,000.00	3.850%	13,072.50	128,072.50	141,145.00	510,000.00	10.194%
06/01/2016			10,858.75	10,858.75		510,000.00	
12/01/2017	120,000.00	4.000%	10,858.75	130,858.75	141,717.50	390,000.00	10.545%
06/01/2017			8,458.75	8,458.75		390,000.00	
12/01/2018	125,000.00	4.150%	8,458.75	133,458.75	141,917.50	265,000.00	11.072%
06/01/2018			5,865.00	5,865.00		265,000.00	
12/01/2019	130,000.00	4.350%	5,865.00	135,865.00	141,730.00	135,000.00	11.424%
06/01/2019			3,037.50	3,037.50		135,000.00	
12/01/2020	135,000.00	4.500%	3,037.50	138,037.50	141,075.00	-	11.951%
	1,135,000.00		266,872.50	1,401,872.50	1,401,872.50		
	Average Annual Debt Service				140,187.25		

Beach Park Option 3 | 2009 AV: 2,731,145,059 | $0.087891 Cost per $1,000 AV for Ave Annual Debt Svc

Bond Schedule

Issue Date:	12/01/10		Net Proceeds	2,969,400.00	
Issue Size	3,030,000.00				
Term	20 Yrs		Project Costs	458,646.00	Dining Hall
Add'l Interest				309,939.00	Sun Home Lodge
Debt Reserve	-			193,122.00	Picnic Shelter
Issuance Costs	60,600.00	2.0000%		148,400.00	Play Equipment
Bond Insurance	-	0.0000%		1,855,000.00	Other Beach Park Rehab Projects
				2,965,107.00	Required Net Proceeds
				4,293.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	%
						3,030,000.00	
12/01/2010						3,030,000.00	
06/01/2010			69,048.75	69,048.75		3,030,000.00	
12/01/2011	100,000.00	2.750%	69,048.75	169,048.75	238,097.50	2,930,000.00	3.244%
06/01/2011			67,673.75	67,673.75		2,930,000.00	
12/01/2012	105,000.00	3.000%	67,673.75	172,673.75	240,347.50	2,825,000.00	3.382%
06/01/2012			66,098.75	66,098.75		2,825,000.00	
12/01/2013	105,000.00	3.300%	66,098.75	171,098.75	237,197.50	2,720,000.00	3.520%
06/01/2013			64,366.25	64,366.25		2,720,000.00	
12/01/2014	110,000.00	3.500%	64,366.25	174,366.25	238,732.50	2,610,000.00	3.658%
06/01/2014			62,441.25	62,441.25		2,610,000.00	
12/01/2015	115,000.00	3.700%	62,441.25	177,441.25	239,882.50	2,495,000.00	3.796%
06/01/2015			60,313.75	60,313.75		2,495,000.00	
12/01/2016	120,000.00	3.850%	60,313.75	180,313.75	240,627.50	2,375,000.00	4.003%
06/01/2016			58,003.75	58,003.75		2,375,000.00	
12/01/2017	125,000.00	4.000%	58,003.75	183,003.75	241,007.50	2,250,000.00	4.141%
06/01/2017			55,503.75	55,503.75		2,250,000.00	
12/01/2018	130,000.00	4.150%	55,503.75	185,503.75	241,007.50	2,120,000.00	4.348%
06/01/2018			52,806.25	52,806.25		2,120,000.00	
12/01/2019	135,000.00	4.350%	52,806.25	187,806.25	240,612.50	1,985,000.00	4.486%
06/01/2019			49,870.00	49,870.00		1,985,000.00	
12/01/2020	140,000.00	4.500%	49,870.00	189,870.00	239,740.00	1,845,000.00	4.693%
06/01/2020			46,720.00	46,720.00		1,845,000.00	
12/01/2021	150,000.00	4.650%	46,720.00	196,720.00	243,440.00	1,695,000.00	4.900%
06/01/2021			43,232.50	43,232.50		1,695,000.00	
12/01/2022	155,000.00	4.800%	43,232.50	198,232.50	241,465.00	1,540,000.00	5.176%
06/01/2022			39,512.50	39,512.50		1,540,000.00	
12/01/2023	165,000.00	4.900%	39,512.50	204,512.50	244,025.00	1,375,000.00	5.383%
06/01/2023			35,470.00	35,470.00		1,375,000.00	
12/01/2024	170,000.00	5.000%	35,470.00	205,470.00	240,940.00	1,205,000.00	5.659%
06/01/2024			31,220.00	31,220.00		1,205,000.00	
12/01/2025	180,000.00	5.050%	31,220.00	211,220.00	242,440.00	1,025,000.00	5.866%
06/01/2025			26,675.00	26,675.00		1,025,000.00	
12/01/2026	185,000.00	5.100%	26,675.00	211,675.00	238,350.00	840,000.00	6.142%
06/01/2026			21,957.50	21,957.50		840,000.00	
12/01/2027	195,000.00	5.150%	21,957.50	216,957.50	238,915.00	645,000.00	6.418%
06/01/2027			16,936.25	16,936.25		645,000.00	
12/01/2028	205,000.00	5.200%	16,936.25	221,936.25	238,872.50	440,000.00	6.763%
06/01/2028			11,606.25	11,606.25		440,000.00	
12/01/2029	215,000.00	5.250%	11,606.25	226,606.25	238,212.50	225,000.00	7.039%
06/01/2029			5,962.50	5,962.50		225,000.00	
12/01/2030	225,000.00	5.300%	5,962.50	230,962.50	236,925.00	-	7.384%
	3,030,000.00		1,770,837.50	4,800,837.50	4,800,837.50		
Average Annual Debt Service					240,041.88		

2009 AV: 2,731,145,059 $0.137112 Cost per $1,000 AV for Ave Annual Debt Svc

Beach Park Option 3
Bond Schedule

Issue Date:	12/01/10		Net Proceeds	2,969,400.00	
Issue Size	3,030,000.00				
Term	10 Yrs		Project Costs	458,646.00	Dining Hall
Add'l Interest				309,939.00	Sun Home Lodge
Debt Reserve	-			193,122.00	Picnic Shelter
Issuance Costs	60,600.00	2.0000%		148,400.00	Play Equipment
Bond Insurance	-	0.0000%		1,855,000.00	Other Beach Park Rehab Projects
				2,965,107.00	Required Net Proceeds
				4,293.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	%
						3,030,000.00	
12/01/2010							
06/01/2010			57,185.00	57,185.00		3,030,000.00	
12/01/2011	250,000.00	2.750%	57,185.00	307,185.00	364,370.00	2,780,000.00	8.260%
06/01/2011			53,747.50	53,747.50		2,780,000.00	
12/01/2012	260,000.00	3.000%	53,747.50	313,747.50	367,495.00	2,520,000.00	8.612%
06/01/2012			49,847.50	49,847.50		2,520,000.00	
12/01/2013	270,000.00	3.300%	49,847.50	319,847.50	369,695.00	2,250,000.00	8.963%
06/01/2013			45,392.50	45,392.50		2,250,000.00	
12/01/2014	280,000.00	3.500%	45,392.50	325,392.50	370,785.00	1,970,000.00	9.315%
06/01/2014			40,492.50	40,492.50		1,970,000.00	
12/01/2015	295,000.00	3.700%	40,492.50	335,492.50	375,985.00	1,675,000.00	9.666%
06/01/2015			35,035.00	35,035.00		1,675,000.00	
12/01/2016	310,000.00	3.850%	35,035.00	345,035.00	380,070.00	1,365,000.00	10.194%
06/01/2016			29,067.50	29,067.50		1,365,000.00	
12/01/2017	320,000.00	4.000%	29,067.50	349,067.50	378,135.00	1,045,000.00	10.545%
06/01/2017			22,667.50	22,667.50		1,045,000.00	
12/01/2018	335,000.00	4.150%	22,667.50	357,667.50	380,335.00	710,000.00	11.072%
06/01/2018			15,716.25	15,716.25		710,000.00	
12/01/2019	345,000.00	4.350%	15,716.25	360,716.25	376,432.50	365,000.00	11.424%
06/01/2019			8,212.50	8,212.50		365,000.00	
12/01/2020	365,000.00	4.500%	8,212.50	373,212.50	381,425.00	-	11.951%
	3,030,000.00		714,727.50	3,744,727.50	3,744,727.50		
	Average Annual Debt Service				374,472.75		

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ESPC Benefits

- Low bid acceptance not required.
- Owner involved with subcontractor selection.
- Owner involved with equipment selection.
- **GUARANTEED:**
  - Maximum project cost
  - Energy savings
  - Equipment performance

ESPC Benefits (cont'd)

- Maintenance costs reduced.
- Funds available through the State Treasurer.
- Improved indoor environmental conditions.
- Positive cash flow over measure life.
- GA has over 20 years of performance contracting experience.

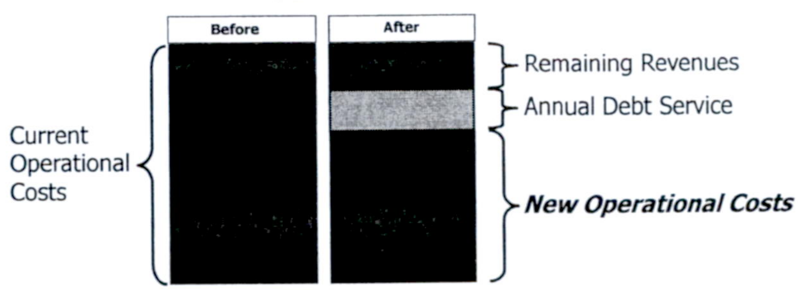
Qualifying Projects

Energy, Water, Sewer and Waste Disposal saving projects such as:

- Lighting projects – lamps, ballasts & fixtures
- HVAC modifications
- Steam & condensate piping systems
- Boiler & chiller systems
- Energy management control systems
- Buildings and grounds water conservation
- Waste reduction
- State funding option for projects with 7 year simple payback

Financing

Budget Neutral Approach



Financing Options

- **Energy Service Company (ESCO) Financing**
- **State Financing**
  - State Treasurer's LOCAL Program
    - 3.9% - 5.11% interest rate
    - 5 to 10 year loan
    - OSPI grants, Dept. of Commerce
- **Federal grants**

Procedure

3. Audit Phase:

- Select facilities and systems to study.
- Conduct preliminary walk-thru to develop audit proposal.
- Owner establishes payback criteria.
- ESCO and GA sign agreement for investment grade audit.
- Owner signs funding authorization.

Procedure

3. Audit Phase (cont'd):

- ESCO develops investment grade audit – first cost and savings guarantee.
- Owner may list favored and disfavored subs and equipment!
- GA reviews and comments on draft audit.
- ESCO presents audit results.

Procedure

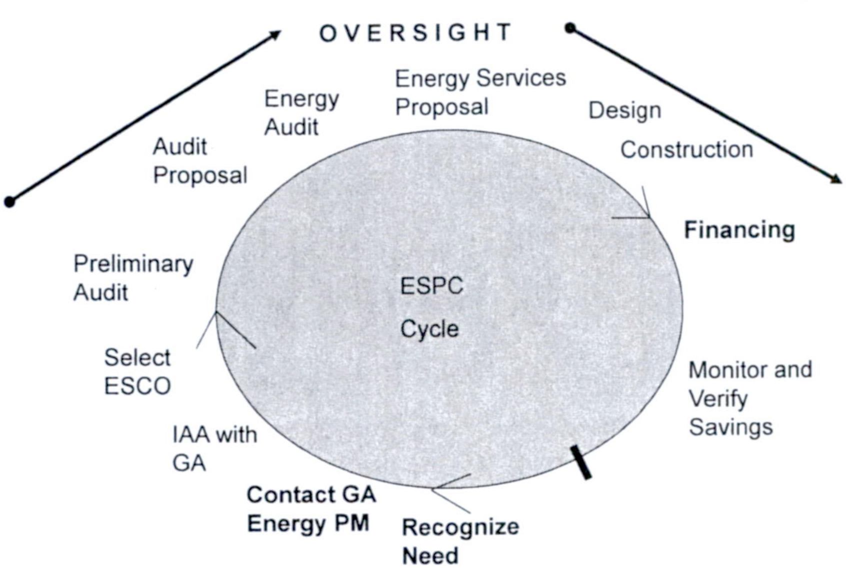
4. Design & Construction Phase:

- ESCO and GA sign construction contract
- Owner signs funding authorization
- GA issues notice to proceed
- GA and owner review design documents
- Bid documents prepared by ESCO
- Sub-contractors and equipment selected
- GA manages ESCO project construction
- GA and ESCO verify first costs and savings

Procedure

5. Monitoring and Verification:

- First year monitoring and verification (M&V) is part of the project cost.
- M&V in years 2 thru 10 are covered under a separate agreement, authorized by the owner.



CITY COUNCIL COMMITTEES & CURRENT STUDY SUBJECTS

CITY MANAGER EVALUATION COMMITTEE - Chair Thomasson, Sheckler and Sherman

ENVIRONMENT COMMITTEE – Councilmembers Scott Thomasson, Dave Kaplan, Dan Sherman

Recurring Topics

* SWM Rates, fees & revenues
* SWM Capital Improvement Program
* SWM Engineering, Maintenance & Operations Budgets
* Comprehensive plans for & other activities related to Highline Water District, Midway Sewer District & Lakehaven Water & Sewer District, SW Suburban Sewer District & King County Water District #54
* NPDES permit & program
* Des Moines Creek Basin related matters including MOU's, ILA's & easements
* WRIA 9 Salmon Habitat Plan

One Time Topics

* Shoreline Master Program
* King Conservation District
* Conservation Element of the Comprehensive Plan
* Hazard mitigation planning, including King County Flood Control District & FEMA Flood Plain Mapping
* Lower Des Moines Creek hydraulic study and channel modifications project
* SEPA implications of changes to Zoning Code, Comp Plan, Comp Transportation Plan, DMCBP Business Park Master Plan, Parks Master Plan, Marina Master Plan, Highline Community College Master Plan, Beach Park Master Plan

FINANCE & ECONOMIC DEVELOPMENT – Councilmembers Carmen Scott, Melissa Musser, Matt Pina

* Zoning Code Changes
* Funding Options Des Moines Art Commission Public Art Program
* Possible Development of Ord. Dealing with Homing Pigeons
* * Need for Additions/Changes to Adopted Residential Property Maintenance Code
* Property Abatement Ordinance
*
* Streamlining and Improving Permitting
* Develop Recommendations on Economic Development Strategy
* City Borrowing, Bonding & Investing
* Monitoring City Revenues

MUNICIPAL FACILITIES COMMITTEE – Councilmembers Carmen Scott, Dan Sherman, Melissa Musser

* * Review 2011-2016 Municipal Capital Improvement Program. Review Master Plan & Council initiated project proposals and funding
* Beach Park Historic Buildings Renovations, (Review of 30~~%~~ 60 ~~60 & 90%~~ plans. ~~Three dates~~ or as needed ~~needed per building~~)
* * Park-in-Lieu Fee Process Revisions
* Develop City Hall, Engineering/Equipment Shop & Public Works Service Center Master Plans

* Monitor Facilities Inventory, Condition Assessment and Maintenance Management Program Development
~~* Develop 2011Council CIP proposal for City Hall Customer Service Center~~
* Beach Park Concession Agreement ~~(Tillicum Village & Tours)~~
*
~~* Field House Grandstand. Approve Grant application for submittal. One date needed.~~
* Emergency generators for City Hall & Activity Center

PUBLIC SAFETY & TRANSPORTATION COMMITTEE – Councilmembers Dave Kaplan, Scott Thomasson, Matt Pina

Law Enforcement Issues:
* Revisions to City's Emergency Management Plan
* Public Safety Operating Budgets
* Traffic Enforcement Cameras
*Police Department Strategic Plan Updates

Transportation Issues:
* Review 2011-2106 Transportation CIP
* Review 6 Year Transportation Improvement Plan
*
* Pavement Management Program
*
*
* Draft Ord. - Amending City-wide Parking Regulations
* City Street Design & Construction Standards
* Bus Rapid Transit/Rapid Ride/Intelligent Transportation Systems & Security
* Joint Transportation Planning With City of SeaTac
* Transportation Grants & Loans

CONSENT CALENDAR
Item #8

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: State Interagency Agreement No. 2010-EFG-528, Energy Conservation Project Management Services

ATTACHMENTS:
1. Interagency Agreement No. 2010-ERG-528, Energy Conservation Project Management Services, City of Des Moines & WA State Dept of General Administration (GA)
2. Results of Preliminary Assessment of Energy Savings Opportunities
3. GA Brochure on Energy Saving Performance Contracting
4. GA Energy Savings Performance Contracting Program Process Description
5. Comparison of Energy Performance Contracting with Conventional Procurement Procedures

AGENDA OF: September 10, 2009

DEPT. OF ORIGIN: Planning, Building & Public Works

DATE SUBMITTED: September 1, 2009

CLEARANCES:
[X] Finance ________
[X] Planning, Building & Public Works ________
[X] Legal ________

APPROVED BY CITY MANAGER FOR SUBMITTAL: ________

Purpose and Recommendation:

The purpose of this agenda item is to seek City Council approval to enter into an Interagency Agreement with the State Department of General Administration (GA) for GA to provide future Energy/Utility Conservation Project Management and Monitoring Services to the City.

Suggested Motion

The following motion will appear on the Consent Calendar:

> "I move to approve the Interagency Agreement with the State Department of General Administration (GA) for GA to provide future Energy/Utility Conservation Project Management and Monitoring Services to the City, and further to authorize the City Manager to sign the Agreement substantially in the form as submitted."

Background:

A recent no-cost energy assessment of City facilities identified 10 potential cost effective energy savings investments identified in Attachment 2. Chapter 39.34 RCW allows public agencies to enter into performance contracts to complete such investments without capital outlay as further described in Attachments 3 and 4. Utility savings supplemented with utility provider incentives and government programs typically cover the cost of such improvements. An energy services company (ESCO) designs and manages the construction of the energy saving project, commissions the completed project and coordinates financing of the project. They also guarantee the maximum project cost, the projected energy savings and equipment performance. The Department of General Administration provides access to ESCOs already under state contract, an experienced energy engineer to assist the City, quality control oversight and standardized contract documents.

Discussion:

Once the City enters into the agreement with GA, the City will select an ESCO, complete a preliminary audit and then undertake an investment-grade audit of the most promising energy saving projects. Typically, the City would proceed with projects showing a net positive present value over their economic lifetime. Funding for such projects might come from the ESCO, ESCO-arranged Municipal Lease financing, the State Treasurer's LOCAL program, utility cost savings, grants, loans and/or incentives from Puget Sound Energy, the State or Federal government.

Staff's very rough estimate of total project value for the 10 potential investments is between $50,000 and $100,000. The GA fee schedule (Attachment B to Attachment 1) would therefore establish a GA project management fee of $6,500 if the project proceeds, or a $3,000 termination fee if the City decides not to move forward with projects that meet the City's cost effectiveness criteria. If the investment grade audit fails to produce a project that meets the City's cost effectiveness criteria, then there is no cost to the City.

Alternatives:

The City could select an ESCO using the Municipal Research & Services Center's (MRSC) consultant roster and manage the ESCO and any resulting energy savings projects using City staff. The City's learning curve on such a process without RCW 39.34 contracting experience would be steep, and staff costs would substantially exceed the GA fee in staff's opinion.

Financial Impact:

The City would have about $3,000 at risk if it decided not to proceed with projects with documented life cycle cost savings. This termination fee would be charged to the All City Building Program budget.

Recommendation/Conclusion:

Staff recommends this Agreement be approved. City Council will be required to approve any energy savings projects before they are started.

Concurrence:

The Legal and Finance Departments concur.

Interagency Agreement

Date: August 31, 2009

Department of General Administration

Interagency Agreement No: 2010-ERG-528

Interagency Agreement Between the Department of General Administration and City of Des Moines

This Agreement, pursuant to Chapter 39.34 RCW, is made and entered into by and between the Department of General Administration, Division of Facilities, Engineering & Architectural Services, hereinafter referred to as "GA", and City of Des Moines, hereinafter referred to as the "CITY".

The purpose of this Agreement is to establish a vehicle for GA to provide future Energy/Utility Conservation Project Management and Monitoring Services to the CITY.

Now therefore, in consideration of the terms and conditions contained herein, or attached and incorporated by reference and made a part hereof, the above-named parties mutually agree as follows:

1. Statement of Work

GA shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of the work set forth in Attachment "A" and Attachment "C", attached hereto and incorporated herein by reference. Unless otherwise specified, GA shall be responsible for performing all fiscal and program responsibilities as set forth in Attachment "A" and Attachment "C". All work shall be authorized by Amendment to this Agreement.

2. Terms and Conditions

All rights and obligations of the parties to this Agreement shall be subject to and governed by the terms and conditions contained in the text of this Agreement.

3. Period of Performance

Subject to its other provisions, the period of performance of this master Agreement shall commence when this Agreement is properly signed, and be completed on **December 31, 2012** unless altered or amended as provided herein.

4. Consideration

Compensation under this Agreement shall be by Amendment to this Agreement for each authorized project. Each Amendment will include a payment schedule for the specific project.

For Project Management Services provided by GA under Attachment "A" of this Agreement, the CITY will pay GA a Project Management Fee for services based on the total project value per Project Management Fees Schedule set forth in Attachment "B".

ATTACHMENT 1

For Monitoring Services provided by GA under Attachment "C" of this Agreement, the CITY will pay GA $2,000.00 annually for each year of monitoring and verification services.

Compensation for services provided by the Energy Service Company (ESCO) shall be paid directly to the ESCO by the CITY, after GA has reviewed, approved and sent the invoices to the CITY for payment.

5. Billing Procedure

GA shall submit a single invoice to the CITY upon completion of each authorized project, unless a project specifies a Special Billing Condition in the Amendment. Each invoice will indicate clearly that it is for the services rendered in performance under this Agreement and shall reflect the Agreement number.

GA will invoice for any remaining services within 60 days of the termination of this Agreement.

6. Payment Procedure

The CITY shall pay all invoices received from GA within 90 days of receipt of properly executed invoice vouchers. The CITY shall notify GA in writing if the CITY cannot pay an invoice within 90 days.

7. Non-Discrimination

In the performance of this Agreement, GA shall comply with the provisions of Title VI of the Civil Rights Act of 1964 (42 USC 200d), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), and Chapter 49.60 RCW, as now or hereafter amended. GA shall not discriminate on the grounds of race, color, national origin, sex, religion, marital status, age, creed, Vietnam-Era and Disabled Veterans status, or the presence of any sensory, mental, or physical disability in:

a) Any terms or conditions of employment to include taking affirmative action necessary to accomplish the objectives of this part and

b) Denying an individual the opportunity to participate in any program provided by this Agreement through the provision of services, or otherwise afforded others.

In the event of GA's non-compliance or refusal to comply with the above provisions, this Agreement may be rescinded, canceled, or terminated in whole or in part, and GA declared ineligible for further Agreement with the CITY. GA shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth therein.

8. Records Maintenance

The CITY and GA shall each maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review, or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. GA will retain all books, records, documents, and other material relevant to this agreement for six years after expiration; and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

9. Contract Management

a. The CITY Representative on this Agreement shall be:

Grant L. Fredricks, P.E., Director
Planning, Building & Public Works Department
City of Des Moines
21630 – 11th Avenue South, Suite D
Des Moines, WA 98198-6398
Telephone (206) 870-6568

The Representative shall be responsible for working with GA, approving billings and expenses submitted by GA, and accepting any reports from GA.

b. The GA Project Manager on this Agreement shall be:

Lisa Steel
Dept. of General Administration
Division of Facilities
Engineering and Architectural Services
PO Box 41012
Olympia, WA 98504-1012
Telephone (360) 902-7236

Lisa Steel will be the contact person for all communications regarding the conduct of work under this Agreement.

10. Hold Harmless

Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees and agents. No party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

11. Agreement Alterations and Amendments

The CITY and GA may mutually amend this Agreement. Such Amendments shall not be binding unless they are in writing and signed by personnel authorized to bind the CITY and GA or their respective delegates.

12. Termination

Except as otherwise provided in this Agreement, either party may terminate this Agreement upon thirty (30) days written notification. If this Agreement is so terminated, the terminating party shall be liable only for performance in accordance with the terms of this Agreement for performance rendered prior to the effective date of termination.

13. Disputes

If a dispute arises under this Agreement, it shall be determined in the following manner: The CITY shall appoint a member to the Dispute Board. The Director of GA shall appoint a member to the Dispute Board. The CITY and GA shall jointly appoint a third member to the Dispute Board. The Dispute Board shall evaluate the dispute and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto.

14. Order of Precedence

In the event of an inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:

a) Applicable Federal and State Statutes and Regulations
b) Terms and Conditions
c) Attachment "A", Project Management Scope of Work; Attachments "B", Project Management Fees; and Attachment "C", Monitoring Services Scope of Work, and
d) Any other provisions of the Agreement incorporated by reference.

15. All Writings Contained Herein

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

AUTHORIZATION TO PROCEED

Agreed to and signed by:

City of Des Moines	**Department of General Administration** **Division of Facilities** **Engineering & Architectural Services**
________________ Signature	________________ Signature
________________ Name	Roger Wigfield, P.E. Name
________________ Title	Energy Program Manager Title
________________ Date	________________ Date

The Department of General Administration provides equal access for all people without regard to race, creed, color, religion, national origin, age, gender, sex, marital status, or disability. Contract information is available in alternative formats. For more information, please call Eddie Miller at (360) 902-7219.

2010528IAAem
REVIEWED BY GA CFO 8/31/09

ATTACHMENT A

Scope of Work
Energy/Utility Conservation Projects
Management Services

Statewide Energy Performance Contracting Program
Master Energy Services Agreement No. 2009-151

GA will provide the following project management services for each specific project for the CITY. Each individual project shall be authorized by Amendment to this Agreement.

1. Assist the CITY in the selection of an Energy Service Company (ESCO) consistent with the requirements of RCW 39.35A for local governments; or 39.35C for state agencies and school districts.
2. Identify potential energy/utility conservation measures and estimated cost savings.
3. Negotiate scope of work and fee for ESCO audit of the facility(s).
4. Identify appropriate project funding sources and assist with obtaining project funding.
5. Review and approve ESCO energy/utility audits and Energy Services Proposals.
6. Assist in negotiating the technical, financial and legal issues associated with the ESCO's Energy Services Proposal.
7. Provide assistance during the design, construction and commissioning processes.
8. Review and approve the invoice vouchers for payment.
9. Assist with final project acceptance.
10. Provide other services as required to complete a successful energy performance contract.

ATTACHMENT B

2009-11 Interagency Reimbursement Costs
for Project Management Fees to Administer
Energy/Utility Conservation Projects

TOTAL PROJECT VALUE		PROJECT MANAGEMENT FEE	TERMINATION
$5,000,000 - or more		1.1% of project cost	$25,500
Below	5,000,000	$68,800	$25,500
"	4,000,000	64,900	23,600
"	3,000,000	59,900	21,700
"	2,000,000	52,800	19,600
"	1,500,000	47,800	17,150
"	1,000,000	40,800	16,150
"	900,000	38,900	15,000
"	800,000	36,900	13,950
"	700,000	34,600	12,800
"	600,000	31,900	11,500
"	500,000	28,700	10,100
"	400,000	24,800	8,800
"	300,000	19,800	7,300
"	200,000	10,500	4,400
"	100,000	6,500	3,000
"	50,000	4,000	2,000
"	20,000	2,000	1,000

1. These fees cover project management services for energy/utility conservation projects managed by GA's Energy Program.

2. Termination fees cover the selection and project management costs associated with managing the ESCO's investment grade audit and proposal that identifies cost effective conservation measures if the CITY decides not to proceed with the project through GA.

3. If the project meets the CITY's cost effectiveness criteria and the CITY decides not to move forward with a project, then the CITY will be invoiced per Attachment B Termination or $25,500.00 whichever is less. If the CITY decides to proceed with the project then the Agreement will be amended per Attachment B for Project Management Fee.

4. If the audit fails to produce a project that meets the CITY's established Cost Effectiveness Criteria, then there is no cost to the CITY and no further obligation by the CITY.

ATTACHMENT C

Scope of Work
Energy/Utility Conservation Projects
Monitoring Services

Statewide Energy Performance Contracting Program
Master Energy Services Agreement No. 2009-151

If requested GA will provide the following monitoring services for each specific project for the CITY.

1. Monitor actual energy use and dollar costs, compare with the ESCO's annual Measurement and Verification (M&V) report and any ESCO guarantee, resolve differences, if needed, and approve any vouchers for payment.

2. Monitor facility operations including any changes in operating hours, changes in square footage, additional energy consuming equipment and negotiate changes in baseline energy use which may impact energy savings.

3. Provide annual letter report describing the ESCO's performance, equipment performance and operation, energy savings and additional opportunities, if any, to reduce energy costs.

McKinstry — For The Life Of Your Building

City of Des Moines Facility Improvement Measures (Proprietery Draft)
August 20, 2009

FIM #	FIM Name	FIM Description	Building	Cost Effective (0 - 5 Yrs)	Life Cycle Cost Effective (6 - 10 Yrs)	Some Capital Required (11 - 20 Yrs)
Mechanical Systems						
M1	Controls - Optimization	The court/council room is served by a dedicated split system and holds up to 100 people. The room would benefit from CO2 control. The Siebe enthalpy controllers for the attic split system air handlers appear to be malfunctioning - replace with dry bulb economizer controllers to minimize heating and cooling energy use. All time of day schedules will be checked and reprogrammed if necessary. It may be possible to convert the split systems to heat pumps to cut the heating energy use in half.	City Hall		X	
M2	Replace Electric Furnace	The attic mounted electric furnace currently trips once per year and needs to be manually reset. Replace the electric furnace. PSE will incent $550 per 12,000 BTUH.	Senior Center			X
M3	Replace Rooftop Heat Pump	Existing unit is a Trane Weathertron heat pump. New PSE program will provide $150 per ton if replacing with another heat pump or $550 per ton if replacing with a gas pack. Ideally this would be done in conjunction with the reroofing job. Include shop IR heat 7-day T-stat in this FIM.	Public Works Building			X
Electrical (Lighting) Systems						
E1	Lighting - Interior (Relite)	There are quantity (23 x 2) lamp T12 fixtures in the loading dock. The break room has qty (31) T12 parabolic 3 lamp fixtures. Could include break room CO2 control in this FIM). Also qty (11 x 4) lamp T12 prismatic and Qty (2) U-Tube T12. The exercise room has qty (18 x 2) lamp T12 fixtures with no way to access the ballasts - recommend new fixtures. There are also qty (28 x 2) 4' lamp T12 shop fixtures in sign storage (also needs a new breaker panel) that need to be replaced, plus qty (14) fixtures in Parks Storage. In the lower shop building there are Qty (12 x 2) lamp T12 HO fixtures that should be replaced for consistency even though they are rarely on include occupancy sensors as necessary.	Service Center		X	
E2	Lighting - Interior (Lamp and Ballast)	There are Quantity (26) T12 8' 2 pin lights. The lower level dance room etc. has qty (35 x 2) T8 lamp fixtures with prismatic lenses - provide occupancy sensors (qty 2).	Field House		X	
E3	Lighting - Interior (Lamp and Ballast)	The T8 lights are 14-15 years old, so it might be cost effective to upgrade to current generation high lumen per Watt lamps and ballasts.	Police Services Building		X	
E4	Lighting - Interior (Lamp and Ballast)	City hall is roughly 50% T12. Miser lamps existing. 30 foot candles. The courtroom has dimmable T12s. There are also qty (9) T12 HO lamps around the perimeter. There are qty (30) CFL can lights that are problematic, and replacement ballasts aren't avaliable anymore. 15 of these are impossible to access from above - recommend replacing with new can fixtures. Add occupancy sensors.	City Hall		X	
E5	Lighting - Interior (Relite)	The shop area has 95W T12 HO lighting qty (20 x 2) lamps. Storage T12 HO are almost always off, but it might make sense to replace them for the sake of standardization - qty (18 x 2) lamps.	Public Works Building		X	
E6	Replace 120W Can Lighting and T12	Roughly qty (24) 120W surface mount can lights - only 11 foot candles. The kitchen has qty (9) T12 2 lamp wrap fixtures.	Senior Center		X	
Architectural (Building Envelope)						
A1	Re-Roof Public Works Building	The roof of the Public Works Building is nearing the end of its useful life. Re-roof the building. This should be done in conjunction with replacing the rooftop heat pump (refer to M3)	Public Works Building			X
Plumbing Systems						

ATTACHMENT 2

ATTACHMENT 3

Why work with us?

With more than 25 years of experience, our engineers have the expertise to help lead you through the process. We, will evaluate and explain the ESCO audit proposal, then help manage the project. You select the ESCO, contractors and equipment.

Our accomplishments:

- Completed over **$177 million** in public facility efficiency projects since 1986
- Saved customers nearly **$15 million** in annual energy costs
- Helped customers receive nearly **$30 million** in grant funds

How do GA customers benefit?

- Guaranteed energy savings
- Guaranteed construction costs
- Guaranteed equipment performance
- Improved comfort for building occupants
- Maximized utility grant opportunities
- Energy Star rating assistance
- Energy and carbon reduction goal assistance

Other GA Energy Program services:

- Energy Life Cycle Cost Analysis (ELCCA)
- Sustainable design and construction
- Green building consulting
- Building commissioning

For more information:

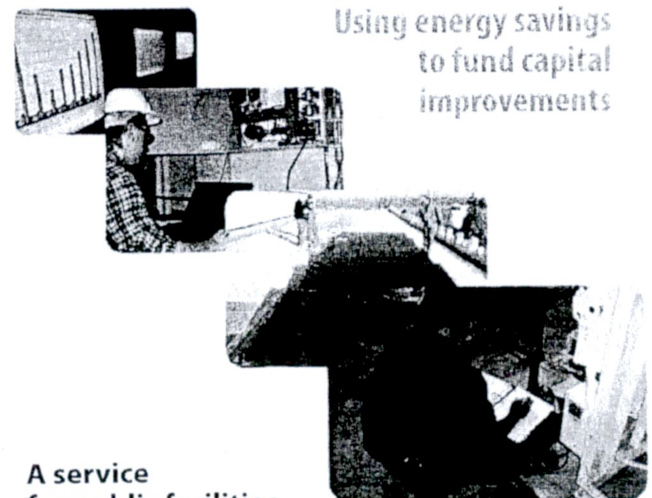
Department of General Administration
Energy Program:

www.ga.wa.gov/energy
(360) 902-7224 or
(360) 902- 7272

GA | General Administration
STATE OF WASHINGTON

Energy Savings Performance Contracting

Using energy savings to fund capital improvements

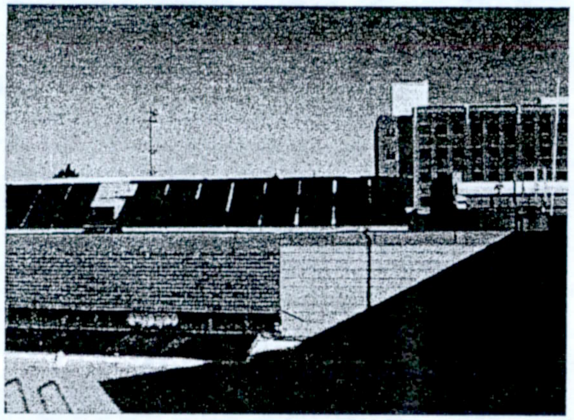


A service
for public facilities
managed by the GA Energy Program

GA | General Administration
ENERGY PROGRAM

What is Energy Savings Performance Contracting?

It's a method of identifying, implementing and financing energy and utility efficiency projects. By leveraging utility savings along with grants and capital dollars, projects can typically be funded within existing budgets.



Solar roof at Clark County Jail

The GA Energy Program provides:

- Access to pre-qualified energy service companies (ESCOs)
- Experienced energy engineers to assist in identifying savings opportunities to guide you through the process
- Quality control oversight
- Standardized documents

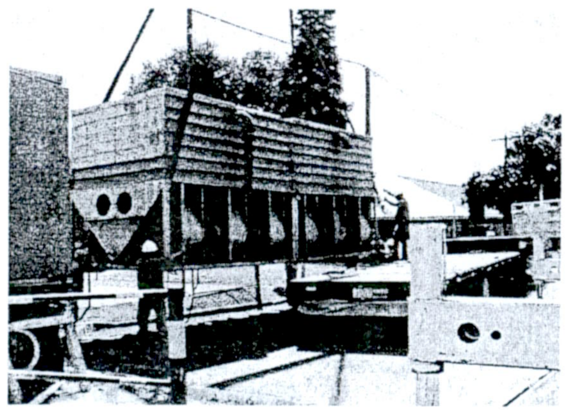
By focusing on the project's ***performance***, most of the risks associated with the design, bid and build process are eliminated.

Types of projects:

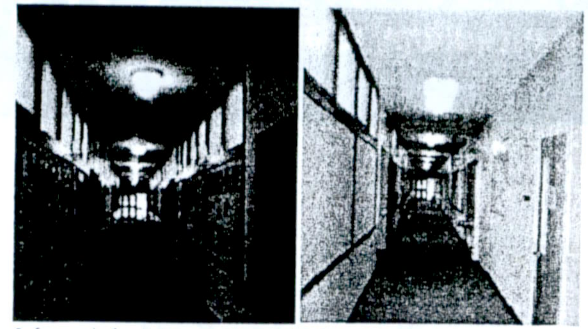
- Energy-efficient lighting (includes LED traffic signals)
- Boiler and chiller systems
- High-efficiency HVAC systems
- Motor and pumping systems
- Water conservation improvements
- Renewable energy projects (i.e., ground source heat pumps, solar PV, bio-mass, small wind, and co-generation)

Who are our clients?

- State and local governments (cities, counties, ports)
- Colleges and universities
- Public school districts
- Hospitals, health districts, libraries and more



Cooling towers



Before and after lighting at West Valley School District, Yakima

Success story: West Valley School District

The above picture shows how we can improve your building's lighting, while also reducing your energy consumption. The project provided similar lighting improvements in classrooms and gymnasiums in 12 of the district's buildings.

Annual Costs Savings: $54,800

Success story: Washington State University

Lighting upgrades were installed campus wide, along with a new central chilled water plant and various HVAC improvements.

Annual Cost Savings: $1,603,200

"Eight years and $40 million in completed projects attest to the benefits that our partnership with the GA Energy Program has provided."
Terry Ryan,
Director, Energy Systems Operation, WSU

General Administration
ENERGY PROGRAM

Energy Savings Performance Contracting Program
Process Description

I. Program History

The Energy Savings Performance Contracting (ESPC) program was developed to provide a means to install energy conservation measures (ECMs) in publicly-owned facilities without capital outlay. The ESPC program has since been expanded to provide energy efficiency services to all public facilities in the State. The Department of General Administration (GA) is required to maintain a register of energy service contractors and provide assistance in identifying available performance-based contracting services.

In 2001 the Legislature found that "The economy of the state and the health, safety, and welfare of its citizens are threatened by the current energy supply and price instabilities." While the ESPC program has been involved in over $200 million in energy projects since its inception in 1986 and resulting reductions in annual utility costs to public facilities of over $12 million a year, the Legislative findings from 2001 are still with us. For the most part, public facilities are doing their job in reducing their energy usage. Public facilities have primarily achieved these significant accomplishments by collaborating with utilities for partial project funding and by using the State Treasurer Lease/Purchase program for the balance of project financing.

II. Energy Service Company pre-qualification

On a biennial basis, the Energy Program in the Division of Engineering & Architectural Services (E&AS) prepares an advertisement to be placed in the Seattle, Spokane and Portland editions of The Daily Journal of Commerce. The advertisement describes the intent to develop a pre-approved list of energy services companies (ESCOs) providing services to public facilities in the State for the upcoming biennium. ESCO firms submit a summary of their qualifications and experience. The submittals are reviewed by the Energy Program and those ESCOs deemed to be qualified are interviewed and offered a Master Energy Services Agreement. This makes them eligible to participate in energy related projects at public facilities. The process satisfies public selection requirements and enables public-sector clients to avoid having to conduct duplicative, individual public works selection processes. (Currently, ten (10) ESCOs have been pre-qualified to do business in the state for the 2009-2011 biennium.)

III. Client agency and GA contractual agreement

Local governments, school districts and state agencies (referred to as Client Agencies or Owners) must enter into an Interagency Agreement (IAA) with GA before they can participate in the program and work with one of the pre-qualified ESCOs. The IAA is drafted pursuant to Chapter 39.34 RCW. It allows E&AS to provide overall contracting and project management services to the Owner. All work by the Energy Program is authorized by amendments to the Agreement.

ATTACHMENT 4

Compensation for GA's Energy Program services is based on a pre-determined fee schedule that sets project management compensation levels based on the total project value. If the Owner proceeds with a project then they are obligated to pay GA based on the project management fee schedule. If the ESCO fails to develop a project that meets the Owner's established cost-effectiveness criteria, then there is no cost to the Owner.

IV. ESCO selection by the client agency

Client Agencies are allowed to select any of the pre-qualified ESCOs to work with under the ESPC Program. The Energy Program manager assigns energy project managers (PMs) to work with clients based generally on their locality within the state or by client organization. The Energy Program PM will provide the client with a copy of executive summaries from each ESCO's statement of qualifications. The summaries provide key information on how each firm approaches projects, their specific experience and the scope of projects completed in recent years. The PM also has access to the full statement of qualifications and sample energy audits that each of the ESCO's submitted for evaluation by the pre-qualification selection committee. Owners may use whatever selection process that complies with their own policies and procedures for selecting firms that provide professional services. If the Client Agency chooses to interview firms as part of the selection process, the Energy Program PM may sit in on ESCO interviews but does not participate in the final decision-making process. The Owner selects the ESCO.

E&AS's PMs have engineering and other technical experience in energy efficiency technologies and construction projects. These individuals are primarily licensed professional engineers who can interact with the ESCO on issues such as appropriate modification to existing building energy systems, control strategies for heating, ventilating and air-conditioning (HVAC) systems and appropriate measurement and verification (M&V) methods associated with these retrofit projects.

V. Preliminary audit

After the Owner has selected an ESCO for their facility or project, the PM will conduct a walk-through energy audit of the facility with the selected ESCO and the facility representative to determine the general scope and size of the project. During the development of this preliminary audit, energy baseline development and M&V methods will be discussed. GA and the Client Agency will review and agree with the methods proposed.

Prior to the walk-through, the Owner will provide the ESCO with information about the facility, including utility billing information from at least the most current 12-month period (data covering the past two years is better). Utility data may include electricity, natural gas and water consumption records as appropriate. Information about the facility such as operating schedules, typical number of occupants and square footage are also helpful. These data are analyzed to establish the energy utilization index (EUI) of the facility. EUI may be thought of as similar to a car's fuel efficiency in miles per gallon (mpg). In buildings the lower the EUI the better it's performing.

The purpose of the preliminary audit is to determine if potentially cost-effective projects exist at the facility, to identify potential ECMs, and to initiate equipment data-logging opportunities when the time is right. (It is difficult, for instance, to get a good representation of cooling equipment operation in the winter or true occupancy patterns of a school over the summer.)

The preliminary audit stage is an opportunity for the Owner and the PM to clarify with the ESCO the Owner's cost-effectiveness criteria and any specific requirements or limitations for the project. ESCOs use the preliminary audit and subsequent proposal process to ensure there will be a feasible project established. There is no cost to the Owner for the preliminary audit.

VI. Investment-grade audit

Once the ESCO, GA and the Owner are satisfied that there is adequate energy saving potential in the facility, the next step is to move to the investment-grade audit. The ESCO will develop a proposed scope of work that will include the systems to be evaluated, the timeline to completion and the cost to conduct the investment-grade audit. The PM will review the proposal and negotiate the cost of the audit prior to the proposal being presented to the Owner.

Upon receiving Client Agency approval to go forward, the Energy Program will prepare an Energy Services Authorization to add the project to the ESCO's Master Energy Services Agreement. The Owner also receives a Funding Authorization document for signature. By authorizing the funding the Owner certifies to the Energy Program that funds are appropriated and allocated for the project or that the Client intends to obtain funding from the State Treasurer's lease/purchase or LOCAL program or obtain the balance from a third-party lender.

The ESCO will then proceed to conduct a detailed investment-grade energy audit of the facility and submit an energy services report and energy services proposal to the PM and the Client Agency for review and approval.

The investment-grade energy audit is conducted to analyze all cost-effective ECMs for systems such as lighting, HVAC equipment, building envelope, steam, chilled water, domestic hot water and other water using systems, building controls, energy generation and distribution, and waste management systems. The audit includes an evaluation of the economic performance and investment value of the ECMs.

There are three potential outcomes of the investment-grade audit:

1. If a facility does not have ECMs that meet the "energy project criteria" established by the Client Agency there is no cost to the Client Agency for the audit. This is true unless the Owner, GA and the ESCO agree to other arrangements. In that case these special arrangements must be reflected in the Authorization between the ESCO and GA.

2. If the ESCO identifies cost-effective measures and the Owner decides not to proceed, then the ESCO will be reimbursed for the audit and the Energy Program will be paid a termination fee. This occurs rarely.

3. If the ESCO identifies cost-effective measures and the Owner decides to proceed, an energy services proposal is presented to the Client Agency.

The energy services proposal outlines the maximum guaranteed construction cost and identifies the energy savings that the ESCO guarantees will be achieved through implementing the project. The energy services proposal must meet the cost-effectiveness criteria included in the Master Energy Services Agreement.

VII. Cost-effectiveness criteria

The definition of cost-effectiveness for energy conservation projects is found in Chapter 39.35C.010 RCW. It states:

> "Cost-effective" means that the present value to a state agency or school district of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville power administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

This means that projects are considered cost-effective if they result in a net positive present value over their economic lifetime. For purposes of determining economic lifetime, ESCOs rely on generally accepted engineering practice as is guided by entities such as the American Society of Heating Refrigerating and Air-Conditioning Engineers (ASHRAE), or other national or international standard setting bodies.

The following general criteria are commonly used to determine the cost-effectiveness of ECMs proposed in the energy services proposal. Occasionally a Client Agency will have additional criteria that must be met, such as shortened facility life time due to planned replacement.

- The Owner may use any combination of the following funding and payment options to discharge its obligations under the Energy Services Agreement:
    - ESCO financing;
    - ESCO arranged Municipal Lease financing;
    - State Treasurer's LOCAL Program;
    - Other third-party financing (banks, etc.)
    - Energy cost savings, utility cost savings, and approved O&M savings to pay off any of the above debt structures;
    - Grants, loans and/or incentives from utilities or other funding sources; and
    - The Owner's capital budget or any other funds at the Owner's discretion.
- The Owner's loan term may not exceed the economic life of the ECM, unless otherwise approved by the Owner and GA.
- Not more than 90% of the energy cost savings may be used to repay the loan, unless otherwise approved by the Owner.
- Up to 100% of utility grants may be used to defray project costs or to repay the loan.
- Labor or maintenance cost savings shall not be included in energy cost savings for the purpose of determining cost-effectiveness, unless specifically approved by the Owner. These will typically represent costs for purchased parts and service contracts, not internal labor costs.

- The cost of the ECMs will include the cost of the investment-grade audit and preparation of the energy services proposal; project design; construction; ESCO's construction and project administration; GA's project management fee; system commissioning; bidding; bonding; overhead and profit; permits; taxes; training; cost and saving guarantees; and, other costs that may be agreed to by the ESCO and the Owner.

- The Owner's cash flow including savings, utility contributions, cost of measurement and verification services, cost of ECMs, and loan repayments shall be neutral or positive with respect to the baseline cash flow and based on guaranteed savings.

- Current utility rates shall be used for the purpose of calculating energy and utility cost savings. Energy and utility cost inflation factors shall not be used without the Owner's expressed approval.

VIII. Energy services proposal and ESCO construction contract

The energy services proposal contains a breakdown and details of the following:

- Facility name, description, EUI, square footage, existing equipment, etc.;
- The ECMs proposed for installation, including quantities;
- The ECMs analyzed but not recommended;
- The ECMs proposed/analyzed but not chosen by the Client Agency;
- Improvements to operations and maintenance (O&M) practices for existing equipment;
- The maximum guaranteed project cost, including engineering and design, permits, materials, construction, commissioning, ESCO fees, GA Energy Program fees, measurement and verification fees, etc.;
- The energy and energy cost savings expected from the ECMs and O&M recommendations;
- Savings guarantee;
- Project cash flow over the term of the project financing, including capital infusion, financing expenses, and M&V costs;
- A detailed schedule for project completion;
- Verification that comfort conditions will be maintained at the facility;
- Identification of the services and associated costs for the ESCO during the course of the project, including but not limited to; engineering, construction management, preparation of O&M procedures, training of facility personnel, commissioning, functional testing, HVAC testing, adjusting and balancing, start-up/stop, warranty services, and equipment maintenance; and
- The nature and extent of work and equipment that the ESCO will receive from other firms under subcontract.

The ESCO's overhead and profit and other approved markups to the overall cost of the project are set in the Master Energy Services Agreement. A contingency amount may be included to cover any hazardous material costs or additional work for unforeseen conditions that may be encountered in the construction of the project. If contingency is used, it will be managed jointly by GA, the ESCO, and the Owner. The use of the contingency requires a change order to the ESCO construction contract.

Once the Client Agency approves the energy services proposal the PM amends the Energy Services Authorization to add the design, construction contract administration, and overhead and profit.

When the project design is completed and approved by the Owner and the Energy Program PM, the ESCO will solicit bids and select sub-contractors. This bidding process differs from standard public works procurement. The ESCO does not need to publicly advertise for bids and accept bids from any subcontractor that chooses to respond. Rather, typically only two or three subcontractors (pre-approved by the Owner) are asked to bid the work in each trade. The ESCO is not required to take the lowest bidder if it is deemed detrimental to the performance of the project. All sub-contract work is expected to be competitively bid by the ESCO to assure the ESCO and the Client Agency of cost-effective installations. However, if there is a compelling reason to negotiate a sub contract due to the nature of a specific measure it is allowable to do so. ESCOs that have construction capability may be allowed to bid their own projects, but will be required to seek competitive bids to assure fair market value to the Client Agency.

The ESCO construction contract identifies the acquisition and installation costs associated with the work, overhead and profit margins, bonds and insurance costs, commissioning activities, training for the Client Agency's maintenance personnel and Washington State Sales Tax.

IX. Notice of Commencement of Energy Cost Savings

When project construction is complete the ESCO will issue a Notice of Commencement of Energy Cost Savings. This document is the formal written notification to GA and the Client Agency that the ESCO has substantially completed installation of ESCO equipment and/or provided ESCO services. This also verifies that such equipment or services are now providing sufficient energy savings for the Client Agency to begin making payments, as set forth in the energy services proposal. Acceptance of the Notice of Commencement of Energy Cost Savings by GA and the Client Agency constitutes the date of substantial completion for that phase of the project. The Energy Program PM and Owner will have inspected the project and accepted it prior to this notice.

The ESCO is confirming that they have inspected the particular phase or segment of the project and that it is complete, that all previously identified "incomplete work items" have been fulfilled and that the project is providing cost savings sufficient to repay the investment.

X. Invoices

One of the cornerstones of the ESPC program in Washington State is "open book" pricing. Construction costs are defined as "the actual cost of purchasing and installing the ESCO equipment, as demonstrated by the installation price quotes or construction contracts". This means that the ESCO furnishes all the subcontractor and equipment invoices as backup to the invoices it submits.

The ESCO will track project costs by listing subcontractor amounts and equipment quotes as individual line items on the schedule of values (further broken down by project phase if appropriate) on the "APPLICATION AND CERTIFICATE FOR PAYMENT ON CONTRACT" form that accompanies invoice voucher form A-19. It is preferred that subcontractors and equipment purchases over $10,000 be listed as individual line items on the schedule of values. All contract invoices will be broken down to show all materials and labor costs, even if that contractor is a subsidiary of the ESCO.

If the project is completely financed by the Client Agency through lease purchase or other loan provisions, no ESCO invoice may be submitted until the project or approved project phase is complete and the ESCO has submitted the "Notice of Commencement of Energy Cost Savings". Payments to the ESCO that are dependent on, grants, loans or utility incentive payments will be made within 30 days of the date the Client Agency receives the funds. Payments to the ESCO that are dependent on Client Agency provided funding may be made using partial payments on a monthly basis depending on services provided. The ESCO must meet deadlines for completion and invoicing in order to not delay financing.

XI. Measurement & Verification

The ESCO will enter into an M&V Authorization with E&AS to provide measurement and verification services as described in the energy services proposal to the Client Agency. M&V services are used to verify that energy or other utility savings are indeed being achieved. The recommended time period for M&V services is three years, with one year minimum. The Energy Program PM and the Client Agency may determine that additional M&V is required or beneficial in order to ensure savings continue to accrue or to meet requirements established under utility reimbursement programs.

ENERGY SAVINGS PERFORMANCE CONTRACTING ADDS VALUE TO PUBLIC WORKS PROJECTS

Energy Savings Performance Contracting, or simply performance contracting (PC), shares many similarities with conventional public works design and construction practices. However, there are some distinct differences between PC and the design, bid, build (DBB) process. PC can provide many opportunities to an owner installing energy efficiency equipment, which are not otherwise available when using the DBB process.

The advantages to PC for procuring energy efficiency equipment include:

- Third party financing is available, which allows the public building owner to construct projects sooner. Some public works projects can take as long as six years to complete: identify project and request funding in the first biennium; design in the second biennium; and, construct in the third biennium. Using PC a similar project can be completed in eighteen months.
- By using third party financing for procuring energy efficiency equipment the owner reserves scarce capital dollars for more pressing building improvements. Combining third party financing with capital dollars allows the owner to leverage the capital appropriation, essentially doing "more with less."
- PC maximizes utility financial participation in the project.
- Energy service company (ESCO) selected based on qualifications. Since the ESCO also provides general contracting services the owner is also selecting the highest qualified general contractor, rather than the low bid contractor.
- Building audit findings must meet owner's cost effectiveness criteria or owner not responsible for ESCO audit costs.
- There is a single point of accountability from audit through design, construction and commissioning, which reduces the uncertainty of identifying a responsible party when design or construction issues arise.
- Subcontractors can be pre-qualified and only the most highly qualified and reliable subcontractors will be invited to bid the work.
- Owner/ESCO can select other than the low bid subcontractor.
- Owner can specify equipment by manufacturer.
- ESCO guarantees equipment performance and assists owner with warranty issues. DBB requires that equipment is free from defects for one year. PC guarantees the project functions as designed, maintains specific comfort conditions, saves energy and saves dollars over the life of the contract with the ESCO.
- No change orders unless the owner elects to increase project scope.
- Open book pricing and construction cost reconciliation assure fairest value for the owner.
- ESCO guarantees construction cost and assumes financial responsibility for cost overruns.
- Commissioning is an integral component of PC, not an extra cost.
- The owner has more control over contractor (ESCO) overhead and profit. O&P is negotiated and multiple markups of subcontractor costs are not allowed.
- ESCO provides a guarantee of energy savings and reimburses owner for any savings shortfalls.
- ESCO's monitoring and verification (M&V) services provides owner with assurance equipment will perform for the life of the agreement.

Performance contracting is a "value added" process for improving building energy efficiency.

April 2003

COMPARISON OF
ENERGY PERFORMANCE CONTRACTING
WITH
CONVENTIONAL PROCUREMENT PROCEDURES

STANDARD PROCUREMENT SPEC AND BID EVERY PHASE OF IMPLEMENTATION	ENERGY PERFORMANCE CONTRACT COMPETITIVE NEGOTIATIONS FOR PROFESSIONAL SERVICES
1. Usually requires a capital budget authorization.	1. Utilizes existing appropriated utility budget line item to pay all project costs.
2. Extended completion time due to need to obtain budgetary approvals from Agency, Governor and Legislature. Time for completion can vary from 2.5 years to 6 years. Increased costs can vary from 3-15% due to inflation.	2. Third party financing is available, which allows the public building owner to construct projects sooner. Time for completion for an average project will be 18 months from project conception. No increased costs due to inflation.
3. Project is funded by State issued bonds which are repaid over a 30 year period using tax exempt financing.	3. Project is funded by State Treasurer lease-purchase financing or Municipal Lease (tax exempt or capital) financing which is repaid over a 10 year period.
4. These projects seldom qualify for utility rebates since the programs are normally over before the projects are funded.	4. EPC maximizes utility financial participation in the project. This reduces the amount to be financed or allows additional conservation projects to be implemented.
5. Long term energy savings are, rarely, if ever guaranteed. Staff turnover, lack of ongoing training, lack of energy conservation expectations, and maintenance failures often kill project performance.	5. ESCO provides guarantee of performance, monitors and verifies energy consumption, and trains staff to achieve long term project performance. Energy savings are guaranteed by the ESCO.
6. Comfort and lighting performance standards are seldom a part of any construction contract with a hardware vendor.	6. EPCs typically contain a performance definition and guarantee of lighting and comfort conditions.
7. Change Orders are common practice because of misinterpretation or funding availability and scope of project do not match.	7. No change orders unless Owner elects to increase project scope within cost effectiveness criteria.
8. Separate phases of project implementation diffuses the source of responsibility for effective performance and often results in disputes over liability for non-performance.	8. A single point of financial and technical accountability for total project performance is standard.
9. Equipment is guaranteed to be free from defects for one year from substantial completion.	9. EPC guarantees the project functions as designed, maintains specific comfort conditions, saves energy and saves dollars over the life of the Agreement with the ESCO.

April 2003

10. Incremental project implementation often leads to eliminating cost effective retrofits due to inadequate funds, limited staff time, and overly narrow or biased project specifications.	10. Performance contractors consider all cost effective retrofits and secure financing for all feasible improvements. The costs of other needed capital improvements may be underwritten from any additional utility cost savings generated by the project.
11. Most public institutions can not afford to pay for top notch technical energy staff nor can they afford to train existing staff.	11. ESCOs internalize technical expertise in order to guarantee project performance.
12. Capital energy projects must compete with other capital priorities in an environment of limited budget resources.	12. EPCs are not financed through a capital process. Funding is available from ESCOs, lenders and State Treasurer. Performance guarantees are designed to cover the costs of project financing, ongoing guarantees, and monitoring and verification of savings.
13. There is no direct reward to managers or staff for reducing energy costs.	13. Compensation to the ESCO is tied directly to project performance and provides a very tangible financial incentive for reducing energy costs.
14. New project responsibilities can bring risks of non-performance and technical errors due to lack of internal technical expertise.	14. Willingness to accept technical responsibilities and risks is tied to direct financial rewards which are based on project performance.
15. The operations and maintenance budgets of public institutions are usually under funded resulting in comfort problems, equipment breakdowns, lack of staff training, and wasted energy.	15. ESCOs cannot afford to under fund any functions critical to protecting their investment and meeting the performance guarantees contained in the contract.
16. When project construction is accepted by staff, there is no guarantee that future improvements will be made to respond to changing conditions.	16. ESCOs have a strong incentive to respond to changes in technology, utility rates, and building requirements to maintain the guarantee of project performance over the term of the contract.

MF Committee
2/25/10

6:03
Dan, Melissa, Carmen
Grant, Joe, Jori, Patrice, BT

* Called to order 6:02.
1. Melissa selected chair
2. Reviewed Remand List
- Add: Marina ~~[illegible]~~ CIP ~~[illegible]~~ 2011-2016
: Something - regarding Park, Recreation;
+ open space requirements
- remand request to Council
- ~~[illegible]~~
- Make to Council - prioritize potential
uses of new one-time funds.

4. Beach Park
b. - Patrice reviewed memo + current
funding / timing
c. - discussed Beach Park mgmt options
- City - recommend
- City borrows - contracts 3-5 yrs for ops
- 40 yr lease - private co. ops +
funds

3. Grant reviewed - 9/10/09 agenda item
- ESPC ~~[illegible]~~ energy savings performance
- financing - ESCO, state financing, fed grants contracting

Adjourned 7:15 pM.